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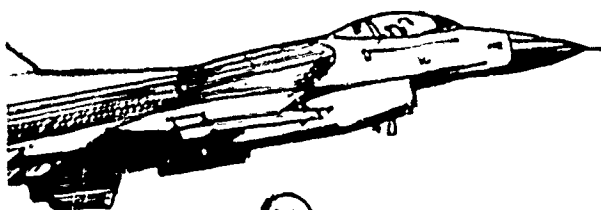
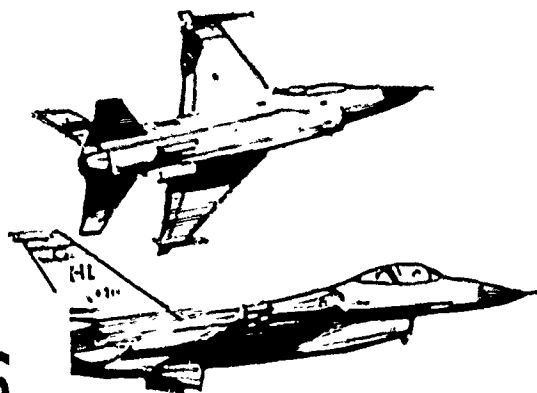
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Semiannual Report to the Congress

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October 1989

FOREWORD

This is the fifth Semiannual Report that I have made to the Congress as the Inspector General, Department of Defense (IG, DoD). Upon leaving the position, I wish to thank the managers of the Department of Defense, as well as the entire DoD audit, inspection, and investigative community, for their support. No Federal agency works harder or more effectively than the DoD to fulfill its missions and to manage programs well. Those missions and programs are tremendously complex and challenging, however, and many tough, controversial problems exist. I urge the DoD and the Congress to continue relying on DoD auditors, inspectors, and investigators to help managers safeguard Defense resources.

→ The

author reiterates

I reiterate a theme voiced in my semiannual reports over the past two years -- the vast majority of Government and contractor employees are competent, honest, and anxious to safeguard taxpayer dollars. We have made strides in developing a strong spirit of mutual respect, cooperation, trust, and common dedication to the national defense among individuals, organizations, and companies without sacrificing vigilance against fraud, excessive cost, and mismanagement. We must continue this effort. I am very gratified by the progress made under two programs started by the OIG, DoD, which rely on cooperation between the DoD and industry--the Voluntary Disclosure Program and the Contractor Risk Assessment Guide. My office also provided input, upon request, for the Defense Management Report to the President. I endorse and support the initiatives resulting from that comprehensive study.

I am particularly proud of the Office of Inspector General, Department of Defense, whose accomplishments over the past two years include:

- operating what is, in my opinion, the finest procurement fraud investigative organization in the Federal Government, the Defense Criminal Investigative Service, whose work led to over 600 indictments, over 500 convictions, and monetary recoveries of more than \$500 million;
- issuing hard hitting audit, inspection, and other types of oversight reports leading to hundreds of management improvements and potential monetary benefits of \$4.5 billion;
- improving the coordination and cooperation between the DoD and Military Department audit, inspection, and investigative organizations; and
- providing leadership within the DoD in vital areas such as audit followup, Hotline operations, ethics and fraud awareness training, and improving contractor internal controls.

To enable the OIG, DoD, to operate even more effectively in the future, I urge the Congress to grant the additional tools and authorities discussed in Chapter 6 of this report. I also call your attention to Chapter 2, which discusses the need for legislation to assure Defense Contract Audit Agency access to records as required to meet professional audit standards.

It has been a great honor and pleasure to have served as Inspector General, DoD.

June Gibbs Brown
 June Gibbs Brown
 Inspector General



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EXECUTIVE SUMMARY

Background

The FY 1983 Department of Defense Authorization Act (Public Law 97-252), which amended the Inspector General Act of 1978 (Public Law 95-452), established an Inspector General for the Department of Defense (IG, DoD).

This report, prepared under the provisions of the Inspector General Act, summarizes the activities of the IG, DoD, the Military Departments, and other DoD components with audit, criminal investigation, or inspection capabilities.

The seven chapters cover the 6-month period ending September 30, 1989. In each chapter, we identify the efforts that have been made to improve the economy, efficiency, and effectiveness of Defense operations through prevention, detection and correction of fraud, waste, and mismanagement.

Chapter 1. Internal Audit

The Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, and the IG, DoD, conduct audits of the internal management of the DoD. The audit reports recommend ways to improve Defense operations, enhance readiness, and reduce costs.

Three military exchange audit groups perform internal audits of the military exchange systems. Internal review groups in the Army and the Defense Logistics Agency make reviews for local commanders as well as perform audit liaison, followup, and other staff functions.

Significant Internal Audits

During the reporting period, the auditors placed emphasis on financial management and security assistance, installations and logistics, contract administration, and acquisition. Some examples follow:

Pricing and Billing of F-16 Aircraft - Improvements were needed to correct cost deficiencies in accounting for F-16 sales, unequal sharing of research and development costs on engineering change proposals, and cost recoupment problems. (pg. 1-2)

Standard Automated Financial System - Because of escalating life-cycle management costs and performance deficiencies at supported activities, the Navy terminated further development and implementation of the automated system, avoiding costs of \$155.9 million. (pg. 1-3)

Real Property Leased by the DoD - Leased costs could be reduced by \$56.6 million if the Military Departments used available office and warehouse space or constructed new facilities and relocated DoD activities into the available facilities. (pg. 1-3)

Simulation Requirements - Recommendations to validate the needs of training simulations before acquisition, select a standard Army brigade and battalion simulation based on cost and functional capability, and reevaluate the basis of issue plan, could result in savings of \$32.8 million. (pg. 1-5)

Automation Acquisition - Establishing procedures to ensure that future equipment requirements are based on actual information processing needs could save \$30.5 million. (pg. 1-9)

Matter for Congressional Consideration

An IG, DoD, audit report has identified a need for the Congress to clarify the intent of the Competition in Contracting Act in order to ensure that competition achievements reported by the DoD are not misstated. (pg 1-15)

Policy and Oversight

The IG, DoD, reviews the operations of DoD internal audit, internal review, and contract audit organizations to evaluate their implementation of and adherence to prescribed policies and to assure DoD officials and the public that DoD audit organizations maintain a high level of competence. During the period, the Office of the Assistant Inspector General for Audit Policy and Oversight began work to completely revise and update the DoD Internal Audit Manual. Oversight reports were issued concerning quality assurance programs in the Naval Audit Service, the Air Force Audit Agency, and the Assistant Inspector General for Auditing.

Followup

The Deputy Secretary of Defense issued a revised DoD Directive 7650.3, the basic regulation for the internal audit followup program. The directive reinforces the Department's emphasis on using internal audit reports effectively to identify opportunities to reduce costs and improve management. (pg 1-13)

The DoD has formal processes to ensure that decisions are made on all disputed audit findings and recommendations and to ensure that agreed-upon corrective actions are taken. The October 1988 amendments to the IG Act require specific data on the status of management decisions on IG, DoD, reports and on the status of agreed-upon corrective actions. Those data are included in this report. Although most agreed-upon corrective actions are carried out in a timely manner by DoD managers, there are instances of slippage or incomplete action. (pgs. 1-16 to 1-20)

Chapter 2. Contract Audit

The Defense Contract Audit Agency (DCAA) audits Defense contracts for both proposed and incurred contract costs. The U.S. Army Corps of Engineers audits contracts for civil works projects in the continental United States.

Matter for Congressional Consideration

The present legislation on access to contractor records by auditors is outdated and needs to be revised for the DCAA to accomplish its mission in conformance with professional standards. (pg. 2-1)

Significant Contract Audits

Indirect Costs - A contractor's allocation of indirect costs was not proportional between commercial and Government segments, resulting in savings of \$62.3 million. (pg. 2-2)

Warranty Costs - Warranty costs were included in a price proposal that were to be provided at no cost on a Government contract. A price reduction was negotiated that saved the Government \$23.2 million. (pg. 2-2)

Termination Claim - A termination claim for losses on land values, unrealized contract profits, and unrealized losses on land improvements was disallowed, saving the Government \$15.9 million. (pg. 2-4)

Policy and Oversight

The Office of the Assistant Inspector General for Audit Policy and Oversight issued seven oversight reports. Some of the areas examined included DCAA coverage of proposed direct labor costs at major contractors, evaluations of contractors' catalog/market sales, backlog of incurred cost audits, and labor audits at major contractors. (pg. 2-6)

Chapter 3. Criminal Investigations

The Defense Criminal Investigative Service (the investigative arm of the IG, DoD), the Army Criminal Investigation Command, the Naval Investigative Service Command, and the Air Force Office of Special Investigations investigate criminal conduct or violations of DoD regulations. The Defense Criminal Investigative Service investigates procurement fraud and other white collar crime. The Military Departments investigate white collar crime, procurement fraud, homicide, assault, drug trafficking, and other crimes.

Significant Fraud Cases

During the period, investigative emphasis was on defective pricing, product substitution, false claims and false statements, and bribery and kickbacks. Some examples follow:

Inflated Contract Prices - A civil complaint seeks a recovery of \$23 million from the General Electric Company and its subsidiary, Management and Technical Services Company, for inflating prices on computer support systems for the Army. (pg. 3-4)

Operation Illwind - Continuation of a joint investigation by the Navy and the Federal Bureau of Investigations has resulted in criminal fines, civil fines, administrative recoveries, reimbursements, and forfeitures totaling over \$9 million. (pg. 3-7)

Policy and Oversight

The Office of the Assistant Inspector General for Criminal Investigation Policy and Oversight (OAIG-CIPO) develops DoD criminal investigative policy, oversees its implementation, and coordinates investigative activities. Several oversight reviews were conducted, including an assessment of the USS Iowa investigation. The OAIG-CIPO is also the point of contact and coordinator for voluntary disclosures made by Defense contractors. To date there have been 164 disclosures and \$82.9 million in recoveries. (pg.3-8)

Chapter 4. Other Investigations

The Office of the Assistant Inspector General for Special Programs, comprised of the DoD Hotline Program and a Special Inquiries component, is a unique investigative element which resolves disclosures of non-criminal waste, abuse, and mismanagement that cannot be effectively addressed through other channels.

IG, DoD Hotline

The IG, DoD, continues to encourage reporting instances of fraud, waste, and mismanagement. Over 700 packages containing Hotline posters and brochures were mailed to DoD Agencies, military installations, and DoD contractors involved in single procurement contracts of over \$5 million. Significant findings originating from Hotline contacts included mischarged costs, product substitution, mismanagement of Government funds, and defective weapons parts.

Special Inquiries

Special Inquiries handles cases referred by Congressional or DoD officials which often involve sensitive issues. For example:

Sinking of Surplus Navy Vessels - Recommendations were made to improve Navy guidance for salvaging material from merchant-type vessels made available for the "Artificial Reef" and "sink" programs after nearly \$40 million was identified as potential waste. (pg. 4-3)

Chapter 5. Inspections

Management review type activities of both the IG, DoD, and Military Department inspection organizations are covered in this chapter. The traditional military inspector general roles of evaluating the readiness, morale, and discipline of military units are excluded from the data.

Significant Inspections

DoD Merged "M" Accounts - More emphasis was needed on systemic improvements in "M" account policy, management, and oversight. (pg. 5-1)

DoD Security Policies and Practices - Inadequate resources impede full and timely implementation of some significant recommendations contained in the Stilwell Commission Report. (pg. 5-1)

Education and Training - Although significant improvements were noted, there were concerns with a lack of a training continuum, training priorities, training hardware life-cycle costs, and the F-45 aircraft program stretch-out. (pg. 5-5)

Chapter 6. Prevention, Legislation, and Other Special Activities

The IG, DoD, provides leadership to prevent fraud, waste, and mismanagement and to promote economy and efficiency.

Matters for Congressional Consideration

Testimonial Subpoena Authority - The authority presently prescribed by section 6(a)(4) of the Inspector General Act needs to be expanded. (pg. 6-2)

Arrest Authority - Criminal investigators need this law enforcement tool. (pg. 6-2)

Policy Direction and Oversight for DoD Inspection Functions - There is a need for a better means of coordinating inspection activities which are concerned with program efficiency and which could overlap DoD audit efforts. (pg. 6-2)

Tenure for Statutory IGs - A fixed-term would eliminate perceptions of potential impairment of IG objectivity and effectiveness. (pg. 6-2)

Chapter 7. Future Areas of Interest

Defense Management Report (DMR) Implementation

The IG, DoD, will assist in implementing the DMR to the President by participating in the DoD Ethics Council, leading the Contractor Risk Assessment Guide Steering Group; coordinating the Voluntary Disclosure Program, focusing audits, inspections and other reviews on areas of DMR concern, and participating on DoD task forces on simplification of regulations and reassessment of special advocacy programs. (pg. 7-1)

Management by Objectives (MBO)

The IG, DoD, is fully committed to the implementation of the MBO goals established by the President for the DoD. (pg. 7-1)

Appendices

Appendices A through F meet certain statutory reporting requirements of the Inspector General Act and amplify the material in chapters 1 through 7.

DEPARTMENT OF DEFENSE
SIGNIFICANT AUDIT, INSPECTION, AND INVESTIGATION ACCOMPLISHMENTS
(For the 6-month Period Ending September 30, 1989)

STATISTICAL HIGHLIGHTS		
	Totals	Page
Audit Activities		
Potential Monetary Benefits: Internal Audit, Internal Review, and Military Exchange Audit	\$3,590.2m	1-1,1-10
Internal/GAO Audit Followup: Impact of Completed Actions	\$850.4m	1-13,1 15
Potential Impact from Open Actions	\$1,774.4m	1-13,1 15
Contract Audit Monetary Benefits: Defense Contract Audit Agency	\$5,152.6m	2-3
U.S. Army Corps of Engineers	\$6.9m	2 5
Investigative Activities:		
Monetary Outcomes:		
Recoveries	\$64.0m	3-3
Fines/Forfeitures	\$13.3m	3-3
Restitutions	\$3.5m	3-3
Civil Settlements/Judgments	\$35.5m	3-3
Litigation Results:		
Indictments	554	3-3
Convictions	463	3-3
Pretrial Diversions/Article 15s	214	3-3
Civil Settlements/Judgments	27	3-3
Administrative Results:		
Debarments-Contractors	264	3-5
Suspensions-Contractors	253	3-5
Hotline		
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CHAPTER 1

INTERNAL AUDITS AND INTERNAL REVIEWS

An internal audit is a constructive evaluation of the economy, efficiency, and effectiveness with which managerial responsibilities--to include

Organizational Structure

DoD audit responsibilities are met by 9 internal audit and internal review organizations:

- **Central Audit Activities:** The Office of the Assistant Inspector General for Auditing, the Army Audit Agency, the Naval Audit Service, and the Air Force Audit Agency.

- **Internal Review:** Organizations within the Army and the Defense Logistics Agency that supplement other audit organizations.

The Air Force does not have internal review organizations. The Air Force Audit Agency handles the audit needs of local commanding officers. The Secretary of the Navy disestablished the Department of the Navy Internal Review Program in April 1989.

- **Military Exchange Systems Audit:** The Army and Air Force Exchange Service Audit Division, the Naval Resale and Services Support Office, and the Marine Corps Exchange System.

On July 1, 1989, the Office of the Assistant Inspector General for Auditing was reorganized to enhance operations and better serve the Secretary of Defense, the Congress, and other DoD managers. The reorganization included: realigning functional areas and eliminating an operating directorate, allocating additional staff to acquisition and contract audits, streamlining management by decreasing program directors in operating directorates and increasing audit project management teams assigned to program directors, and expanding the field

financial, operational, and support activities--are carried out.

An internal review helps a commanding officer detect problem areas and warning indicators, such as the overexpenditure of funds, misuse of resources, and poor control of property, materiel, and supplies. Internal review groups serve as troubleshooters who can make quick reviews when problems arise. They also assist in local command vulnerability assessments, act as audit liaison when internal audits are made by others, and follow up on audits.

office in Columbus, Ohio.

Operating Concepts

Audit Standards

The work of DoD internal auditors is subject to the highest professional auditing standards in the Government. DoD internal auditing standards, issued by the IG, DoD, are a compilation of those published by the Comptroller General of the United States, the American Institute of Certified Public Accountants, the Institute for Internal Auditors, the President's Council on Integrity and Efficiency, and the Office of Management and Budget.

Audit Planning

No public or private sector audit organization has the complexity, diversity, and scope of the DoD audit discipline. Because of limited resources, planning and coordinating the audit mission receive top-level management attention. Particular emphasis is given to avoiding duplication with the General Accounting Office and to fulfilling statutory coverage responsibilities.

SIGNIFICANT CENTRAL AUDIT ACCOMPLISHMENTS

DoD internal audit organizations issued 290 centrally directed reports, identifying \$2,469 million in potential monetary benefits.

A list of all IG, DoD, audit reports and Military

Department audit reports is at appendix E, pages E-1 through E-24.

In accordance with the Inspector General Act Amendments, a list of audit reports issued by the IG, DoD, with potential monetary benefits is in appendix F.

Financial Management and Security Assistance

Pricing and Billing of F-16 Aircraft

An audit, made as a cooperative effort with the Supreme Audit Institution, composed of auditors from the four European participating governments (EPG) and the U. S. General Accounting Office, evaluated the procedures and internal controls for identifying, accumulating, and billing costs applicable to the delivery of the F-16 aircraft to the EPG. The audit found that:

- The Air Force used inadequate reporting

procedures to account for the flow of costs in the F-16 aircraft sales to the Foreign Military Sales Billing Statement.

- The Air Force funded excessive costs of \$9.7 million engineering and contractor change proposals on behalf of the EPG.

- The F-16 Systems Program Office overrecouped nonrecurring costs of \$31 million on the research and development for Avionics Intermediate.

- The Program Office underrecouped nonrecurring costs of \$19 million for depot support equipment.

The auditors recommended correcting the cost deficiencies in accounting for F-16 sales, the unequal sharing of R&D costs on engineering change proposals, and the cost recoupment problems.

Management concurred. (QAIG-AUD 89-074)



Six-ship delta formation of the Thunderbird Team's F-16 Fighting Falcon aircraft during flight maneuver training over Valley of Fire, Nevada. (Air Force photo)

Medical Insurance Billings

Medical treatment facility personnel did not identify inpatients with third-party insurance, obtain insurance information, bill for covered hospital expense, and did not challenge inequitable or questionable insurance remittances. Effective implementation of the Coordination of Benefits program would have increased insurance collections by about \$5.7 million.

Management officials agreed and initiated actions to collect the \$5.7 million from the insurance companies. (AFAA 8325113)

Reserve Incentives

Procedures are needed to identify Army Reserve Component positions or units eligible to receive incentive payments. Congress intended that incentives to select selectively to correct severe personnel shortages. Instead, incentives are liberally used. The Army did not develop a system to monitor and report the effectiveness of the incentive program.

Auditors recommended that new criteria be developed to target eligibility, activities use current procedures, and review procedures be strengthened at unit Headquarters level. The Army requests that Congress consider deleting the requirement to pay soldiers one-half of the enlistment amount when they complete initial active duty training, and a plan be developed to evaluate the incentive program.

Management agreed with the findings and recommendations or proposed actions that satisfy the recommendations. Potential monetary benefits are \$9.3 million. (AAA NE 89-7)

Standard Automated Financial System (STAFS)

An automated general ledger accounting system, STAFS, was developed in 1977 for Navy Industrial Fund engineering, research, and development activities. In 1980, life cycle management (LCM) costs were projected at \$54 million. As of 1988, incurred costs were about \$218 million and projected LCM costs were

estimated to be \$466 million to over \$1 billion. STAFS did not function efficiently and effectively at any of the supported activities. It was a complex system with hundreds of unfixed problems.

Auditors recommended that the preferred course for STAFS be determined. The Under Secretary of the Navy terminated further system development and implementation. A cost avoidance of \$155.9 million resulted. (NAVAUDSVC 042-W 89)

Installations and Logistics

Aircraft Maintenance Services

A FY 1991 Navy solicitation and related source selection plan for T-34/44 aircraft maintenance services does not include adequate quality assurance provisions. The solicitation does not include incentive or award fee provisions, quantitative measures for T-34/44 aircraft performance or quality of maintenance, provisions to relate contractual remedies to failures to pass quality assurance inspections, nor a requirement to submit quantitative quality history data.

Auditors recommended that the Navy modify the solicitation to include appropriate quality assurance data.

The Navy concurred with the intent of the recommendations. (OAIQ-AUD 89-086)

Real Property Leased by the DoD

Military Departments planned to use available DoD-owned space in the National Capital Region. Improvements were needed to effectively use the space and land that was available on military installations throughout the U.S. Using available office and warehouse space or constructing new facilities and relocating DoD activities into the available facilities could reduce leased costs by \$56.6 million (present value), or \$466 million if amounts were not discounted over the next 33 years.

Auditors recommended that real property surveys be performed to determine the

availability of Government-owned land and facilities. They recommended that a task force or inter-Service committee be established to identify installations with available general purpose space, and that a long-range plan be developed for relocating DoD activities into available DoD-owned space.

Management concurred and implementation has begun. (OAIQ-AUD 89-080)

M1/M1A1 Battle Tank Welding

A review of the Army's quality assurance program for welding on the M1/M1A1 Abrams Tank was made in response to anonymous Hotline allegations that the tank was being fielded with defective ballistic welds, that quality material reports were being destroyed, and that defects were not being reported.

The audit found no corroborating evidence to support the allegations. (OAIQ-AUD 89-082)



M1/M1A1 Abrams tank. (Army photo)

Bulk Petroleum Storage Operations

New construction planned for fiscal years 1988 through 1994 for nearly 1.3 million barrels of fuel storage capacity is unneeded. DoD is leasing unneeded storage capacity of almost 786,000 barrels.

The auditors recommended that planned construction be justified, commercial pipeline storage be included in fuel storage requirements computations, and unneeded construction projects and leases be canceled. Potential savings of over \$49 million could be realized if

the recommendations were implemented.

A memorandum issued by the Deputy Assistant Secretary of Defense (Logistics) stated that DoD war reserve fuel could be stored in commercial pipeline tanks if the storage was under contract to the Defense Logistics Agency (DLA). DLA agreed to make analyses at sites where pipeline tankage exists under pipeline tender agreements to determine if it is cost effective to convert the tender agreements to contracts.

Based on experience, such conversion is not always cost effective. The IG, DoD, recommended to the Under Secretary of Defense (Acquisition) that the policy be further refined, requesting that DLA be allowed to use commercial pipeline tankage under tender agreements to store war reserves, precluding unnecessary construction and leasing of fuel storage tanks. (OAIQ-AUD 89-094)

Overhauling Aircraft Engines

Air logistics centers with responsibility for engine overhauls did not save \$38.1 million annually by reducing maintenance requirements. The Oklahoma City and San Antonio centers did not effectively implement the reliability-centered/on-condition maintenance (RCM/OCM) concept for in-service engines. Engines were overhauled on preestablished operating time, unneeded repairs were made, and unnecessary engine components were removed.

Management officials agreed with the audit results and corrective actions are planned. Potential monetary benefits should result. The amount will be determined when management actions are complete. (AFSA 7106213)

F108 Engine Support

The number of regional engine maintenance organizations established for F108 engine repair could be reduced from three to two, providing a \$3.54 million savings over a 3-year period. Rather than close an experienced maintenance activity as recommended, management proposed to close two less experienced units until engine removal rates warrant their reopening.

Item managers did not initiate appropriate contract termination action for two of 16 items where ongoing buys exceeded computed requirements by about \$1.21 million. In response to an installation-level report, management agreed to cancel or adjust purchase request quantities valued at \$882,000 and to validate the remaining quantities based on the most current requirements computations.

Management officials agreed with the audit conclusions and responded with alternative management actions that increased cost savings. (AFAA 8126123)

Government Furnished Equipment (GFE)

An Air Force Plant Representative Office at a contractor location did not establish internal controls to ensure authorized use of GFE by contractors for commercial work. The administrative contracting officer (ACO) thought that the Defense Contract Audit Agency's rental payment review included a determination that all GFE was authorized for commercial use. Thus, the ACO did not verify the authorization. The contractor used GFE without authorization and was liable for claimed rental credits in excess of \$1 million.

Management agreed and initiated action to recoup the rental credits. (AFAA 305-9-18)

Theater Reserves

Improvement was needed in operations management of critical European theater reserves set aside for use during the earliest day of war. Appropriate quantities of stocks were not included in preplanned packages, some items were not mission capable, and some needed minor repairs.

Auditors recommended using the results of an annual review to allocate appropriate stocks to fill preplanned packages, stocking a 30-day level of repair parts at forward storage sites, and providing accurate data for the development of movement plans.

Management agreed with the findings and recommendations, or proposed alternative

actions that satisfy the recommendations. (AAA EU 89-306)

Simulation Requirements

Requirements for standard Army brigade and battalion simulations used to conduct command post training exercises were overstated and not based on quantifiable and objective data. Capabilities furnished by existing simulations and remote training were not considered and training intervals were not used to determine simulation requirements. Comparative analyses supporting the selection of a standard Army simulation were subjective and did not fully consider life-cycle costs.

Auditors recommended validating the need for training simulations before initiating acquisition, selecting a standard Army brigade and battalion simulation based on cost and functional capability, and reevaluating the basis of issue plan. Potential monetary benefits were \$32.8 million.

The Command generally agreed, but stated that the potential monetary benefits could not be validated until the basis of issue plan has been reviewed. The official command-reply process has not been completed. (AAA SW 89-212)

Support Equipment

The accuracy of inventory information and the timeliness for delivery of support equipment to the fleet was reviewed. The auditors found excess inventories, invalid deficits, inaccurate inventory records, and invalid requisitions. Potential procurement cost avoidances exceeding \$361 million were identified.

Management planned or took correction action on most of the recommendations. The Chief of Naval Operations concurred with \$39 million in savings. The remaining recommendations and related monetary savings were referred to the Navy Comptroller for decision. (NAVAUDSVC 028-C-89)

Government Furnished Material (GFM)

Minimal progress has been made in establishing

control over GFM because centralized oversight and visibility is lacking. Excess assets of \$50.3 million could be used in the Navy wholesale supply system, resulting in a one-time budget reduction of \$25.6 million and a one-time potential cost avoidance of \$24.7 million. Contractors requested \$3.3 million to replenish GFM although excess quantities were available

Auditors recommended that a central authority be established to gain GFM control and accountability. Management established a Flag level steering group. The Command did not agree with the monetary benefits. The undecided issues were referred to the Chief of Naval Operations. (NAVAUDSVC 954-N-89)

Prepositioned War Reserve Material (PWRM) Stock

The PWRM stock at a Naval Command consisted of 146,502 units valued at \$336 million. Some items exceeding authorized requirements included on hand material of \$51.1 million and on order material of \$10.2 million.

The Command reviewed and provided disposition actions for the assets and concurred with a one-time potential cost avoidance of \$3.3 million, but did not agree with a potential cost avoidance of \$48.2 million, resulting from reassigning assets in long supply to other programs. The pending issues were referred to the Chief of Naval Operations. (NAVAUDSVC 073-W-89)

Contract Administration

Reciprocal Audits of Contracts

During an audit performed at a congressional request, auditors found that reciprocal audit annexes with foreign countries were ineffective. Four of the five countries reviewed did not do defective pricing audits. The fifth country performed them occasionally. Audits on pricing proposals were not made in accordance with the terms of the agreements, and audit reports were issued late and did not provide sufficient details on audit coverage and methodology.

About \$600,000 in defective pricing and \$17.2

million in nonrecurring charges should have been waived by the United Kingdom (UK). The DoD contracts negotiated with the Canadian Commercial Corporation were overpriced. The exchange rate used to convert Canadian currency to U.S. dollars was about 7.7 percent below the market rate which resulted in actual overpricing of nearly \$3 million and projected overpricing of about \$4.8 million.

Recommendations were made to:

- Revise the Defense Federal Acquisition Regulation Supplement to specify responsibilities, principles, and standards for U.S. contracting officers.

- Recover specific levy and royalty charges imposed by the UK.

- Renegotiate the French agreement.

- Restructure all four European annexes to improve quality assurance, postaward audits, and audit coverage and reporting.

- Expand the audit annexes and implementing instruction.

- Renegotiate the Canadian agreement to require defective pricing audits and to disclose the currency conversion rates used by Canadian contracts, subject to negotiation by DoD contracting officers.

The DoD generally concurred, but four countries did not agree with the recommendations (OAI-AUD 89-090)

Impact of Changes in Contractor Ownership

The Air Force and Navy took strong, effective actions to minimize the effect on the pricing of negotiated contracts from the changes in ownership at the three largest DoD contractors. Less effective actions were taken on the other contractor ownership changes due to unclear regulatory guidance on novation agreements.

Seventy-nine percent of contractor controlling ownership changes were not covered by novation

or alternate agreements, or developed to protect the Government from contract performance and security problems. Ninety-seven percent of contractor controlling ownership changes were not covered by agreements that protected contract price increases resulting from asset revaluations. The DoD could have nearly \$1 billion of depreciation and amortization costs included in the pricing of negotiated contracts. Continuing trends could result in annual increases exceeding \$1 billion.

Auditors recommended that the Federal Acquisition Regulation be revised to require all ownership contractor changes be covered by agreements that protect the interests of the Government, that contractors not be allowed to include additional costs resulting from asset revaluations accompanying contractor ownership changes, and that improvements be made to internal controls and accountability.

Management supported the recommendations. (OAIQ-AUD 89-095)

Interagency Actions

The National Aeronautics and Space Administration (NASA) charged the Army a percentage of contract administration costs instead of charging actual costs incurred. The Army had not established a memorandum of understanding for these charges with NASA.

Auditors recommended establishing a memorandum of understanding with NASA and requesting reimbursement for overcharges on contract administrative services. Potential monetary benefits were \$4.1 million.

The Command generally agreed with the findings and recommendations or proposed actions that satisfied the intent of the recommendations. The official command-reply process has not been completed (AAA IIQ 89-205)

Major Acquisition

T-45A Trainer Aircraft

Performance and safety deficiencies on the

T-45A aircraft have been confirmed by tests. Performance needs to be corrected before the Navy proceeds with further production. The Navy has restructured the baseline for the T-45A aircraft to purchase 36 pilot production aircraft instead of 12.

The auditors recommended that the Defense Acquisition Board review corrective actions on the aircraft performance and the Navy's change in baseline before releasing FY 1989 T-45A aircraft funds.

Management concurred. (OAIQ-AUD 89-096)

V-22 Joint Services Advanced Vertical Lift Aircraft (OSPRED)

The Osprey program was reviewed to determine the ability to go from full-scale development into production. The design for integrating the Government-furnished engine and infrared suppressor into the vehicle needed improvement, the acquisition plan procuring the airframe through dual source procurement was not sound, and the Army plant representative offices (ARPRO) did not provide adequate contract administration support.

The auditors recommended that the Navy initiate a value engineering study to improve the engine and infrared suppressor interface, and that the V-22 Program Office reassess the dual source procurement strategy for the airframe. The Navy concurred with the value engineering

study. The Program Office agreed to evaluate the technical and cost uncertainties associated with V-22 production. The Navy nonconcurred with the recommendation requiring them to program and budget for technological risk associated with programs transitioning to production.

Auditors recommended that the Army fund the ARPRO to provide adequate contract coverage. The Army concurred and full funding has been initiated. Further action on the report has been deferred pending congressional decision on the DoD recommendation to cancel the program. (OAIQ-AUD 89-077)

optic cabling for a proposed local area network was not cost effective. An audit substantiated the allegation.

Auditors recommended installing a standard system if it would satisfy current requirements.

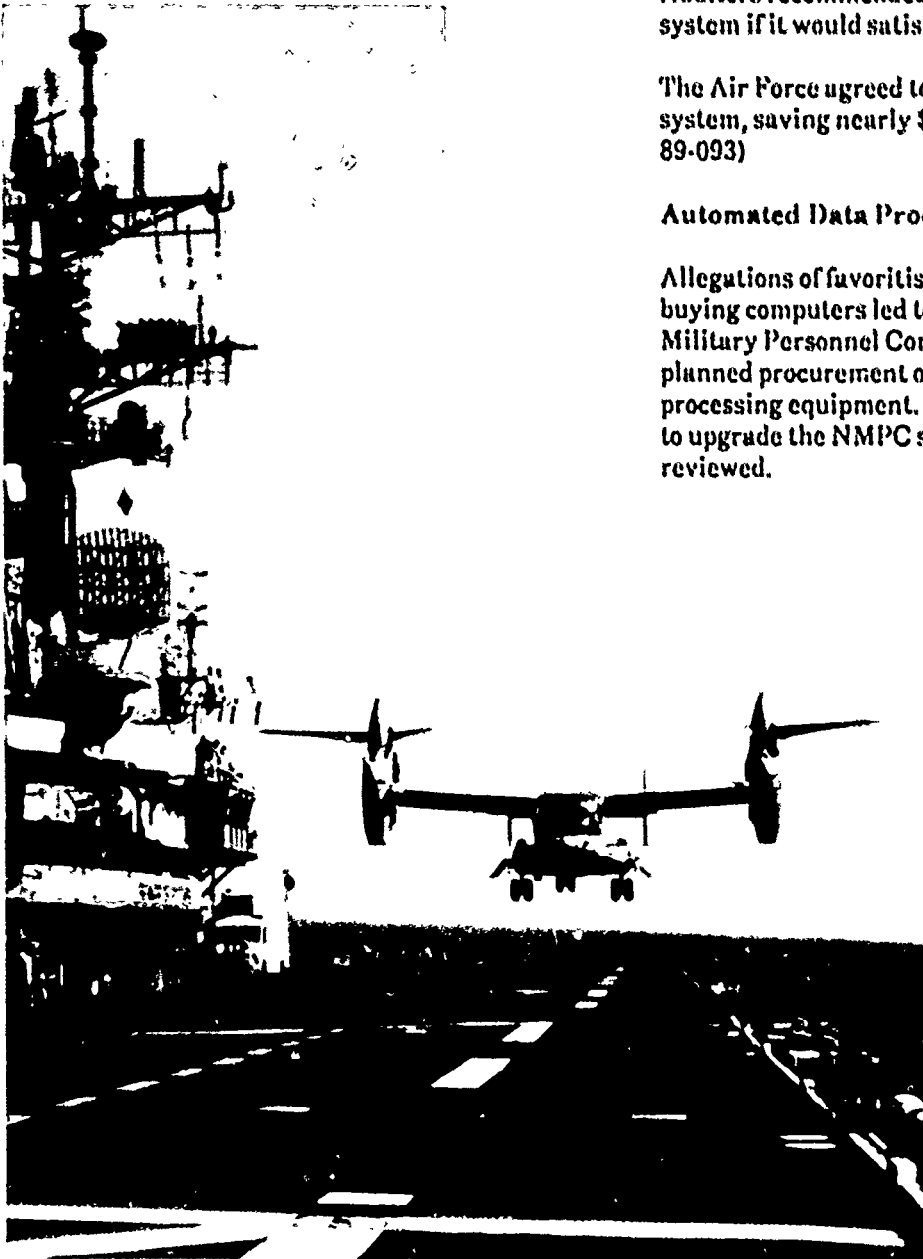
The Air Force agreed to implement the standard system, saving nearly \$1.8 million. (OIG-AUD 89-093)

Automated Data Processing Equipment

Allegations of favoritism by the Navy when buying computers led to a review of the Naval Military Personnel Command's (NMPC) planned procurement of automated data processing equipment. An ongoing procurement to upgrade the NMPC secure processor was reviewed.

The auditors found that the specifications were too restrictive and that anticipated upgrades were not included as part of the solicitation. An announcement by the Navy Regional Contracting Center (NRCC) was misleading and could be misinterpreted as a sole source procurement.

The auditors recommended that NMPC suspend the ongoing procurement until less restrictive specifications were developed; and that NMPC obtain an industry review of the acquisition, include anticipated upgrades to the secure processor as a contract option, and include the cost of the upgrades in the



MV-22A Osprey. (Navy photo)

Other Acquisition

Fiber Optic Cabling

A Hotline allegation stated that the use of fiber

source selection process. The NRCC was requested to cancel the announcement and publish a revised one.

The Navy agreed with the recommendations. (OAIQ-AUD 89-073)

Commercial Software

Policy and procedures needed improvement in managing the acquisition, use, and control of commercial software. Acquisition techniques that could reduce costs were not adequately considered.

Auditors recommended publishing guidance for planning, justifying and approving commercial software, consolidating commercial software requirements contracts, and acquiring less expensive multifunction software. They also recommended negotiating Armywide contracts for commonly used software and emphasizing the use of alternative acquisition practices. Potential monetary benefits were \$49.8 million.

The Command generally agreed with the recommendations but did not agree with the amount of potential monetary benefits. The disagreement is being resolved through the official command-reply process. (AAA SW 89-208)

Data Integrity in Contract Tracking Systems

A review was made to determine data integrity in the contract tracking systems, whether application controls needed strengthening, and whether duplicative system development efforts were ongoing.

The auditors found no duplicative system development efforts. The audit identified several nonmaterial internal control weaknesses. (OAIQ-AUD 89-071)

Operational Testing for the Single Channel Ground and Airborne Radio System (SINCGARS)

The Integrated Communications Security (ICOM) model of the SINCGARS radio will not undergo operational test and evaluation until

March 1991. The effectiveness of the ICOM radio cannot be certified to Congress for full rate production until the actual operational testing and evaluation is complete. Based on contract awards and planned options, 27,625 ICOM radios could be contractually delivered before operational testing is complete. Deficiencies identified during testing could require retrofitting the radios.

The auditors recommended that the statutory requirements on operational testing and evaluation be completed before the Army awards option three of the SINCGARS contract.

On June 14, 1989, the Acting Under Secretary of Defense for Acquisition directed the Army to reduce the production rates for option three and not exceed low-rate production until testing and reporting requirements are satisfied. (OAIQ-AUD 89-075)



ITT SINCGARS Manpack unit. (DoD photo)

Automation Acquisition

A program executive office acquired or planned for more TEMPEST computer equipment than was needed. Project management personnel were not familiar with policies and procedures.

The equipment was acquired across-the-board without considering the information the systems would process or the environment in which the systems would be used.

Auditors recommended that project managers be familiar with current policy and that procedures be established to ensure future equipment requirements are based on actual information processing needs. Potential monetary benefits were \$30.5 million.

The Command generally agreed. The official command-reply process has not been completed. (AAA NE 89-203)

OTHER INTERNAL AUDITS

During the period DoD internal review and military exchange audit organizations identified over \$283 million in agreed-upon monetary benefits. Another \$838 million in Air Force installation reports is undecided.

Followup action began on 4,085 DoD internal review, military exchange audits, commander audits, and nonappropriated fund reports. Action was completed on 4,913 reports, achieving estimated monetary benefits of \$80 million. Some examples of completed significant internal reviews and exchange audits follow.

Construction of Installation Morale, Welfare and Recreation (MWR) Facilities

An audit disclosed that local planning lacked assessment of the installation's community needs, current programs, available resources, and shortfalls. Justification for two MWR construction projects was weak.

Potential monetary benefits for the cancellation of the planned construction are \$7.5 million. Management concurred. (Army)

Automatic Data Processing Training

The DD Form 1556, "Request, Authorization, Agreement, Certification of Training and Reimbursement," was being used to purchase a broad range of goods and services, as if they were for employee training. During the last three fiscal years, \$130,000 was spent on software

program development. Personnel responsible for acquiring training services exceeded their authority and spent \$450,000 on noncompetitive verbal contracts. The command spent about \$350,000 to send employees to unneeded training courses. The actions resulted in inadequate training plans, possible misuse of funds, and material weaknesses in the internal control program.

The Command concurred with the internal review recommendations and initiated corrective action. (Army)

Overbilling of Household Goods

A direct procurement method contractor overbilled a Naval supply depot by more than \$154,000. The contractor overstated billing weights, applied incorrect minimum billing weights' criteria, and billed the Government for shipping containers although Government-owned containers were available.

Management agreed with the recommendations and took action to increase the number of assigned quality assurance evaluators, to verify billing weights by using Government-owned scales operated by licensed personnel, and to establish formal procedures. (Navy)

Billeting Management

An Army Command could make greater use of on-post billeting facilities and achieve a decrease in TDY personnel residing in local motels by placing the facilities under central control. Management did not perform annual physical inventories of sheets and linens, resulting in the loss of nearly \$20,000.

The review identified an annual potential cost avoidance of \$503,000. The Command initiated corrective actions. (Army)

Depreciation of Equipment

The depreciation expense account was overcharged by an average of 10.5 percent per equipment line item by the Installation Equipment Management System Revised. Customer-owned project equipment was depreciated as if the equipment was depot owned

instead of being treated as nondepreciable loaned items. Guidance and procedures used by depot personnel to review and reconcile the depreciation charges on the monthly schedules were inadequate.

Internal review recommended establishing guidance to ensure monthly reconciliations are made to the depreciation schedules. The potential monetary benefits are \$4.2 million. The Command agreed and is taking corrective action. (Army)

Port Services

Harbor tug services could be performed more economically with fewer tugs and greater

reliance on commercial contract services. A Naval Station paid about \$3 million during FY 1988 to maintain four tugs. Two of the tugs were unused 62 percent of the time. Maintaining three tugs and absorbing reduced capability through commercial contract services could save the Navy \$479,000 a year. (Navy)

Leave Usage

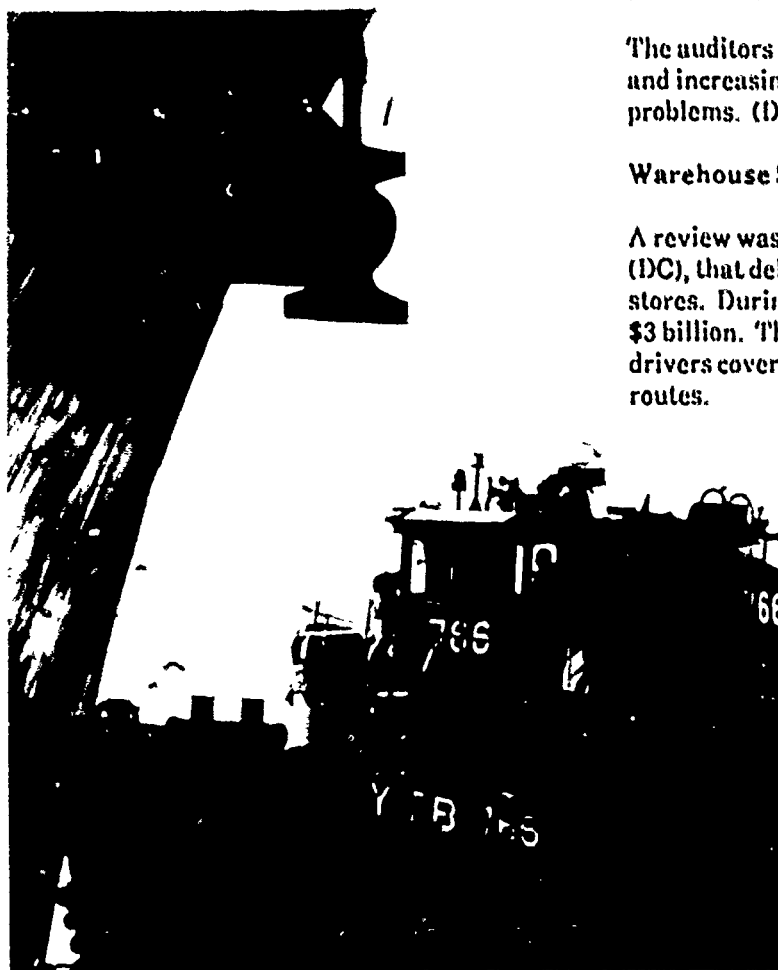
A review of internal management controls of timekeeping administration and management found there was a need for improvement over sick leave, leave without pay, overtime, preparation and retention of source documents, and reporting methods. There was no automated information system output to help supervisors identify sick leave usage patterns. A reduction in sick leave could increase annual productivity by \$540,000.

The auditors recommended improving controls and increasing Command attention to the problems. (DIA)

Warehouse Shipping

A review was conducted on distribution centers (DC), that deliver merchandise and supplies to stores. During FY 1988, delivered goods totaled \$3 billion. The deliveries were made by 524 drivers covering 16.4 million miles on 541 routes.

Auditors made recommendations to reduce operating expenses of \$1.3 a year by changing delivery schedules, routes, and equipment, and purchasing diesel fuel from military or DC sources instead of from commercial sources. (AAFES)



A Navy tugboat. (Navy photo)

AUDIT POLICY AND OVERSIGHT

The Assistant Inspector General for Audit Policy and Oversight provides policy for and oversight of the internal audit, internal review, nonappropriated fund audit, and external audit activities within the DoD. The organization is concerned with the quality and effectiveness of DoD audit organizations and their adherence to prescribed audit standards, policies, and procedures.

During the period a project was initiated to completely revise and update the DoD Internal Audit Manual, a revision to DoD Directive 7600.9, "Contracting for Audit Services," was staffed with the DoD Components, a revision to DoD Directive 7600.2, "Audit Policies," was completed, and an updated Directory of Internal Audit Programs was issued.

The six oversight reports issued during the period follow:

- **Report of the Hotline Investigation of the AFPA (APO 89-012).** Allegations that AFPA officials suppressed audit findings, lacked independence, and that military auditors were unqualified, led to a review. While procedural deficiencies existed, they were significantly less than alleged. The investigation did not disclose any conclusive evidence that senior military auditors had suppressed the reporting of audit results or had not performed their audit work in an independent and objective manner. The AFPA agreed with the recommendations and initiated corrective actions.

- **Followup Review of Quality Assurance Programs--Naval Audit Service (APO 89-013).** The Navy has taken adequate corrective actions on the deficiencies reported during the 1986 quality assurance review.

- **Followup Review of Quality Assurance Programs--Air Force Audit Agency (APO 89-014).** The Air Force has taken appropriate corrective action on the recommendations to develop an inventory of functional audit issues that provide for periodic reviews of significant aspects of audit operations, provide training on performing quality control reviews, and ensure such reviews adhere to auditing standards for

workpaper documentation.

- **Review of Workpaper Documentation Supporting Audit Reports, OAIG-AUD, OIG, DoD (APO 89-016).** The importance of workpaper cross-referencing was reemphasized. The AIG-AUD should expand its training course for auditors performing referencing as well as for those doing the initial cross-referencing of audit reports to workpapers.

- **Followup Review of Quality Assurance Programs, OAIG-AUD, OIG, DoD (APO 89-017).** The OAIG-AUD has established an effective internal quality assurance program. Actions needed to fully comply with a 1986 oversight review are: additional staffing for the Internal Quality Control Review Group, updating the 3-year plan for quality control reviews, developing a plan for performing quality control reviews during fiscal year 1990, disseminating results of quality control reviews, and issuing additional instructions to ensure an effective supervisory process.

- **Monetary Benefits Resulting from Audits (APO 89-023).** Potential monetary benefits of about \$2.8 billion in 55 DoD internal audit reports issued during fiscal year 1988 were reviewed. Almost \$280 million of the benefits were questioned. The DoD Internal Audit Manual needs to be revised to provide additional guidance on computation of benefits and validation of benefit projections from statistical sampling.

GENERAL ACCOUNTING OFFICE REPORT ANALYSIS AND FOLLOWUP

The IG, DoD, performs the central liaison services for the DoD with the GAO. The services include staffing GAO announcements, resolving access to records problems, informing the Secretary of Defense and other top DoD managers of GAO activity, and ensuring prompt, explicit agency replies to GAO findings and recommendations.

The IG, DoD, processed 209 GAO announcements and 253 draft or final reports during the period. In addition to staffing GAO announcements and reports, the IG, DoD, tracks

the status of agreed-upon DoD actions in response to GAO reports. The DoD components reported the completion of action on 144 recommendations with estimated monetary benefits of \$1.0 million. Action on 263 agreed-upon recommendations, with estimated monetary benefits of \$29.9 million, was in progress as of September 30, 1989.

The GAO and the DoD audit staffs attempt to avoid duplicative reviews. To this end, the Congress is urged not to request GAO reviews that would overlap planned or ongoing audits by DoD internal auditors. The IG, DoD, also recommends that requestors of GAO

reviews allow the GAO to provide draft reports to the DoD for comment. That step is a normal and useful part of the audit process and ensures better accuracy in the information provided to the Congress.

AUDIT FOLLOWUP

The IG, DoD, and the Military Departments operate systems to ensure that an authoritative decision is made on what will be done in response to each audit finding and recommendation. The results of the process are in exhibits 1a shown below and 1b, page 1-14.

EXHIBIT 1a DECISION STATUS OF INSPECTOR GENERAL ISSUED REPORTS WITH QUESTIONED COSTS

	Number	Dollar Value (in thousands)
		Questioned Costs ²
A. For which no management decision had been made by the beginning of the reporting period	1	\$1,206
B. Which were issued during the reporting period	1	950
Subtotals (A + B)	2	2,156
C. For which a management decision was made during the reporting period	2	2,156
(i) dollar value of disallowed costs		2,156
(ii) dollar value of costs not disallowed		0
D. For which no management decision has been made by the end of the reporting period	0	0
Reports for which no management decision was made within six months of issuance ¹	0	0

¹ The Military Departments also report no undecided internal audit reports over six months old.

² None of these questioned costs involve unsupported costs.

**EXHIBIT 1b
DECISION STATUS OF
INSPECTOR GENERAL ISSUED REPORTS
WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE**

	Number	Dollar Value (in thousands)
		Funds Put to Better Use
A. For which no management decision had been made by the beginning of the reporting period	26	\$1,514,795
B. Which were issued during the reporting period	55	858,790
Subtotals (A + B)	81	2,373,585
C. For which a management decision was made during the reporting period	48	1,724,318
(i) dollar value of recommendations that were agreed to by management		684,601 ^{1/}
- based on proposed management action		684,601 ^{1/}
- based on proposed legislative action		0
(ii) dollar value of recommendations that were not agreed to by management		1,029,361 ^{1/}
D. For which no management decision has been made by the end of the reporting period	33	649,267
Reports for which no management decision was made within six months of issuance	1	0 ^{2/}

^{1/} On certain reports with audit estimated monetary benefits of \$10.4 million, it has been agreed that the resulting monetary benefits can only be estimated after completion of management action, which is ongoing.

^{2/} OIG-AUD Report #9-062, "Validity of Competition Statistics Being Reported by DoD," was undecided within six months of issuance. The matter has now been referred for congressional consideration (see pg. 1-15). The Navy also identified 3 overage reports, 2 of which have subsequently been resolved.

EXHIBIT 2
STATUS OF ACTION ON CENTRAL INTERNAL AUDITS

Status of Action	Number of Reports	Monetary Benefits (\$ in thousands)	
		Questioned Costs ^{1/}	Funds Put to Better Use
IG(DOD)			
Action in Progress - Beginning of Period	232	\$68,607	\$285,424
Action Decided - During Period	50	2,156	684,601
Action Completed - During Period	75	4,356	178,034
Action in Progress - End of Period	207	43,176	752,981
Military Departments			
Action in Progress - Beginning of Period	565	---	1,318,216
Action Decided - During Period	225	---	763,533
Action Completed - During Period	239	---	666,966
Action in Progress - End of Period	551	---	948,361

^{1/} Some of the questioned costs involve unsupported costs.

DoD policy requires the tracking of every agreed-upon action until its completion has been documented. Summary results are in exhibit 2, page 1-15. The figures in the exhibit reflect only agreed-upon, documentable monetary benefits. The IG, DoD, cautions that quantifiable monetary benefits achieved through internal audits are but a partial measure of the audit program's impact. The majority of internal audit reports yield benefits that are not readily quantifiable.

Measures to Reinforce the Followup Program

In an August 16, 1989, memorandum to DoD component heads, the Deputy Secretary of Defense reiterated the Department policy that internal audits are to be effectively used to identify opportunities to reduce costs and improve management. He instructed the DoD Components to ensure that audit reports are thoroughly reviewed; explicit and well-documented decisions are made on all audit findings and recommendations; and the status of agreed-upon actions is accurately tracked.

On September 5, 1989, the Deputy Secretary of Defense signed a revised DoD Directive 7650.3, the basic regulation for the internal audit followup program. The revised Directive clarifies the roles of followup officials, implements the new terminology and reporting requirements in the IG Act Amendments of 1988, and refines procedures based on lessons learned since the DoD audit followup effort began in 1981.

The IG, DoD, played the central role in both initiatives and appreciates the strong support of the Deputy Secretary.

MATTER FOR CONGRESSIONAL CONSIDERATION

An IG, DoD, audit report (89-062, "Validity of Competition Statistics Being Reported by DoD") pointed out misimpressions from competition statistics reported to the Congress under the Competition in Contracting Act (CICA) and supplemental, Government-wide reporting guidelines issued by the Office of Federal Procurement Policy (OFPP).

The OFPP guidance requires executive branch departments to report as "competed actions" those having full and open competition, but with only one responsible offer/bid received. The CICA defines such procurements as "noncompetitive procurements using competitive procedures," and requires separate recording of such procurements. Neither the OFPP supplemental guidance nor CICA requires separate reporting. OFPP guidance requires that modifications within the scope of a contract and delivery orders under requirements or definite quantity contracts be reported the same as the initial contract. This results in the reporting of modifications awarded sole-source (often quite appropriately) as "competed actions" because the initial contract was competed.

The use of the prescribed guidelines, coupled with other coding errors and omissions, result in DoD annual reports that overstate the levels of competition achieved on DoD procurements and mask the true DoD accomplishments in generating increased competition in critical areas such as spare parts procurements.

The responsible DoD officials disagreed with the audit report recommendations, which would have required unilateral DoD action. Since this is a problem with multi-agency implications, the IG, DoD, decided to bring the matter to the attention of the OFPP and the Congress.

The OFPP reporting guidelines contribute to reports under CICA which inflate true competition achievements. The IG, DoD, has formally suggested that the guidelines be clarified, but OFPP has not responded. The Congress may wish to clarify the intent of the CICA reporting requirements.

Other Disputed IG Reports

The DoD disagreed with certain other IG, DoD, recommendations. Cancellation of the procurement of the J-6 Large Rocket Test Facility at Arnold Engineering Development Center, Tullahoma, TN, was recommended in OIG report 89-092. The proposed test facility might result in unnecessary duplication of test capabilities and claims of potential damage to the Center in case of an accident were contradicted by an earlier study. The Deputy Secretary of Defense concluded that significant

safety considerations did justify continuation of the project.

In OIG audit report 89-053, auditors recommended that the Army delay procurement of newer, more capable 60mm mortar illumination rounds equipped with foreign-made mechanical time fuzes until an electronic time fuze became available, and to fill valid Marine Corps needs with older rounds that were excess to current requirements. The deferral of all procurements would have avoided costs of \$11.3 million. The Army agreed and deferred procurements for its own use, saving \$5 million. The Navy and Marine Corps disagreed, however, asserting that the newer, more capable rounds were necessary for the Marine Corps mission. The Deputy Secretary of Defense did not support the audit recommendation and procurements to satisfy Marine Corps requirements continue.

INCOMPLETE CORRECTIVE ACTIONS

DoD managers devote considerable time and resources to implementing IG, DoD, and GAO recommendations. Hundreds of agreed-upon corrective actions are carried out in a timely manner, but instances of slippage or incomplete implementation do occur. For example.

• **Use of Technical Data in Competitive Procurement.** The DoD has not fully implemented actions to ensure adequate receipt and use of technical data to improve competition. A 1983 audit found data was insufficient to support competition and recommended that DoD guidance be improved. The guidance, originally scheduled for publication in 1984, was not issued until January 1989. Action continues on the publication of implementing documents by the Services, and the DoD is monitoring progress. The new guidance will help DoD activities identify and acquire technical data they are entitled to, and it will aid in the effective use of the data. Implementation of the Service documents may take two years. (OIG-AUD 83-098) (Previously reported.)

• **Payments on Government Bills of Lading (GBL).** A 1987 audit report recommended that Military Service ADP systems be established to detect duplicate

billings before payments are made. The Army and the Marine Corps developed and installed systems. The Navy has been unable to develop an automated system because of the continuing problems with the Navy Material Transportation Office Operations and Management Information System. The Comptroller, DoD, requested that the Navy develop an economic analysis of transferring the Navy GBI, paying and related efforts to the Army. The Navy contracted for the analysis but the report has not been received. The Comptroller, DoD, is monitoring the case (OAIG-AUD 87-141)

• **Special Defense Acquisition Fund.** The Air Force has experienced delays in establishing procedures to charge military and unfunded civilian retirement costs to purchases made from the Special Defense Acquisition Fund. The Air Force planned to issue the necessary guidance in Air Force Regulation (AFR) 170-3, but publication has been delayed to incorporate the impacts of the current phasing-in of the Case Management Control System capability and the possible implementation of a second Trust Fund. Interim guidance will be issued. Publication of AFR 170-3 will take a year or more. (OAIG-AUD 87-236)

• **Requirement to Update Environmental Protection Policy.** The DoD-wide policy on environmental protection has not been updated since 1973, although legislation has imposed new requirements and ineffective hazardous waste management and pollution control have become major concerns. The IG, DoD, and the GAO identified the need for revised environmental guidance. The publication date for the guidance has been slipping since 1986. Although the current DoD Management Improvement Plan had set a milestone of March 1989, issuance has been delayed until the end of the year. (GAO 7004, 6280; OAIG-INS 86-013) (Previously reported.)

• **Automatic Test Equipment (ATE).** Since 1983, the Navy has been revising its regulations on the management of ATE to ensure that responsibilities are clearly defined and managers are authorized to redistribute ATE when appropriate. The revision has not

been accomplished and controls remain inadequate. (OAIG-AUD 84-002)

• **Hazardous Materials Storage.** A 1983 audit found inadequate, confusing, and improper DoD storage guidance. The lack of familiarity with acceptable storage practices and inadequate storage facilities at some installations created dangers of explosion, fire, and release of contamination. Action was initiated to revise a DoD regulation on the storage and handling of hazardous and toxic material, including procedures for the cleanup of spills and precautions for outside storage. A manual was developed to facilitate control of such material through the establishment of standard codes for classifying specific hazards and matching them to the proper safety requirements. The manual, in use at the Defense Logistics Agency, has been undergoing review and comment by the other DoD Components for nearly a year. (OAIG-AUD 83-137 (Previously reported.)



Personnel at Johnston Atoll in the Pacific performing maintenance in toxic areas wear protective garb - known as the demilitarization protective ensemble - as a precaution. (DoD photo)

• **Unaccompanied Officer Personnel Housing.** A 1982 audit found a lack of

compliance with congressional direction on the quality of officer and enlisted unaccompanied housing. Congress also directed the DoD to establish policies on the use of such housing by civilians, including adequacy standards, reservation systems, and exchange privileges. The Marine Corps has issued implementing instructions as required. The Army, Navy, Air Force, and Defense Agencies planned to issue instructions by September 1989, but have not. Efforts have been underway since 1982. (OAIQ-AUD 82-029)

• **Hand and Power Tool Accountability.** Efforts to complete the revision to DoD 7200.10-M, "Accounting and Reporting for Government Property Lost, Damaged or Destroyed," have been ongoing since 1984. The agreed-upon revisions respond to the audit finding that the cost of tools lost or damaged due to user negligence are not being recouped because of inadequate guidance and management failure to act. A revised DoD 7200.10-M has now been prepared and efforts are underway for its completion. (OAIQ-AUD 84-061) (Previously reported.)

• **Duplicative Research.** Delays and curtailments have occurred in implementing corrective actions on inadequate use and use of the Defense Technical Information Center data base, resulting in increased costs for duplicative research work. In 1987, the problem was brought to the attention of the Director, Defense Research and Engineering. The problem continues. The IG, DoD, recommends that stronger measures be taken to force proper use of the data base, or the program be terminated. (OAIQ-AUD 85-116, OAIQ-INS 86-003 and 89-004) (Previously reported.)

• **Disposal of Polychlorinated Biphenyls (PCB).** The DoD has tried to find a disposal alternative for PCB contaminated items stored in Japan. Japan has no facilities for PCB disposal and the Environmental Protection Agency (EPA) does not allow the return of foreign-made PCBs to the U.S. In June 1988, the DoD banned further procurement of such items overseas. There is a backlog of over 200 tons and most of the items have been on hand for over 10 years. The DoD requested that EPA

permit shipment back to the U.S., but it was disapproved in May 1989. The DoD continues to investigate the alternatives, including disposal outside the U.S. or submitting another request to the EPA. (GAO-NSIAD-86-24)

• **Claims.** An IG, DoD, review found that equitable adjustment claims by contractors were overstated from 60 to 100 percent and tied up over \$1 million in audit resources annually. Management agreed to revise the Defense Federal Acquisition Regulation Supplement to require certification of the data underlying equitable adjustment claims under substantially completed contracts. The proposed change was submitted to the Defense Acquisition Regulatory Council, but was rejected. Management altered its position and proposed certification language which the IG, DoD, believes is inadequate. (OAIQ-APC 87-003)

• **Administration of Government-Furnished Property (GFP).** Since 1971, DoD and the Services have made little progress in reducing the amount of equipment the Government furnishes to contractors. GAO reported that Defense relies solely on contractors for accounting controls over GFP. GAO recommended that DoD develop GFP accounting system data for property administrators. Management has neither implemented a GFP financial accounting system nor implemented any viable alternative. The accounting responsibility could be transferred to the new Defense Contract Management Agency. (GAO-FGMSI-80-57) (Previously reported)

An IG, DoD, review found that contractors at Government-owned contractor-operated (GOCO) plants were inappropriately awarded fees for acquisition of Government facilities (vehicles, computers, and furniture). Management agreed to revise the Federal Acquisition Regulation to prohibit the payment of any fee or profit on that portion of any contract involving facilities acquisition. The Defense Acquisition Regulation case implementing the recommendation has not been finalized. The Services have issued instructions directing their buying activities to not allow payments of a profit or fee for the acquisition of Government facilities. (OAIQ-AUD 87-140)

GAO identified factors that impede progress on reducing GFP, including inadequate equipment acquisition guidelines. Development of specific guidelines for providing existing Government property to service contractors performing commercial or industrial type activities, has not been completed by the Office of the Assistant Secretary for Production and Logistics. The Services have issued interim policy instructions that partially implement the 1986 initiatives for program improvements. (GAO-NSIAD-86-109)

• **Utilization of Long-Supply Assets as Government-Furnished Material (GFM).** The Army failed to complete the development and implementation of a system to screen Army long supply inventories as GFM. For 8 years the Army has been developing procedures to ensure that all Army inventory control points make full use of long supply inventories. Prototyping of a developed system during FY 1989 was unsuccessful. A redesign effort will be completed with system implementation by March 1990. (GAO-ICD-80-94) (Previously reported.)

• **Vehicle Use.** Delays continue in the development and implementation of Army procedural guidance for use of privately-owned vehicles (POV) and for simplified POV reimbursement in Europe. The need for such guidance was identified in 1983, when the IG, DoD, determined that tactical wheeled vehicles were being used for tasks that could have been performed by POV or commercial vehicles. Guidance has been drafted and approved, but reported delays prevent publication until November 1989. (OAIG-AUD 83-169) (Previously reported.)

• **Vehicle Requirements.** Since 1984, requirements for ammunition resupply vehicles have been overstated. The Army reported various actions to develop ammunition planning factor rates, which would serve as the basis for recomputation of vehicle requirements. The 1984 Army Ammunition Planning Factor Study is still under evaluation. Recent reports indicate continued problems in the determination of Class V and VII requirements. The Army effort to fix the requirements determination process is now focused on the Army War Reserve Requirements Process Study. A statement of

near-term (FY 1991) Class III, V, and VII requirements for the European Theater Central Region is now expected in November 1989. Requirements for out years are expected by April 1990. (OAIG-AUD 84-074)

• **Operational Support Airlift.** The development of a wartime requirement for Operations Support Airlift (OSA) and the quantification of the number, mix, and type of OSA aircraft needed to support that requirement, originally scheduled for completion in March 1986, has slipped over 3 years. A definition of OSA has yet to be produced. (OAIG-AUD 85-089) (Previously reported.)

• **Intransit Shipments.** In December 1984, a proposed change to the Military Standard Transaction and Accounting Procedures was sent to the DoD Components for comment. The change and its joint Military Standard Requisitioning and Issue Procedure have undergone review, but have not been issued. As a result, the DoD lacks detailed automated procedures to increase the visibility of intransit shipments. (OAIG-AUD 85-050)

• **Expense/Investment Guidance.** A revision to DoD Instruction 7040.5 which clarifies guidance on the application of expense/investment criteria has not been completed. Pertinent congressional action was also still pending. (OAIG-AUD 84-117) (Previously reported.)

• **Vehicle Leasing.** While DoD guidance authorizes leasing vehicles when cost-effective, there is no guidance for completing cost-benefit analyses. Although a commitment was made on October 1, 1984, to revise DoD regulations to provide policies and computation procedures for vehicle lease-versus-purchase decisions, guidance has not been issued. (OAIG-AUD 85-092) (Previously reported.)

• **Catalog Pricing Exemption Claims.** Contractors may obtain exemptions from submitting certified cost or pricing data if their proposed prices are based on established catalog or market prices of commercial items sold in substantial quantities to the general public. A 1987 audit found that one out of three approved

exemptions did not meet the exemption criteria. Contracting officers accepted contractor exemption claims without adequate verification of the reported commercial sales data and catalog and market prices. Once the exemption is granted, the Federal Acquisition Regulation (FAR) does not provide contracting officers with remedies to adjust prices and recoup the amount of any resulting overpricing. The IG, DoD, recommended revision to the FAR to require verification of contractor catalog pricing exemption claims for contracts exceeding \$1 million, and to permit contract price adjustments when a contractor representation of commerciality is invalid.

In January 1987, the Assistant Secretary of Defense for Production and Logistics agreed to the revision. The action is still ongoing. In January 1989, the Defense Acquisition Review Council sent its proposed acquisition regulation to the Civilian Agency Acquisition Council for review. Additional changes have been proposed. The IG, DoD, provided comments to strengthen the proposed coverage. (OAIQ-AUD 87-210) (Previously reported.)

• **Graduate Education for Military Officers.** The Air Force has failed to implement DoD Directive 1322.10, "Policy on Graduate Education for Military Officers." Original implementation was scheduled for June 1987. The revision would ensure that officers who receive a funded graduate education serve a 3-year payback tour of duty in a position requiring a graduate degree. The Air Force has prepared a revised regulation, but its publication was deferred pending a revision to DoD Directive 1322.10, which further strengthens the payback provisions. The DoD was to publish the revision

in July 1989, but has not done so. (OAIQ-AUD 84-139) (Previously reported.)

• **Air Force Special Stock Items.** Since 1986, the Air Force has tried to resolve communication interface problems between two supply systems to enable automatic determination of special stock items requirements, and reconciliation of normal and adjusted special stock levels at bases with Air Logistics Center records. Appropriate data exists in both systems but they cannot interface due to data transmission difficulties. The systems are to be completed and operational through Air Force-wide installation of the Host Message Processing Systems in FY 1993. The delay inhibits the annual reconciliation of base stock levels with Air Logistics Center records. (GAO-NSIAD-87-34)

• **DoD Passenger Airlift.** Improvements in DoD passenger airlift have been made since a 1987 GAO report recommended changes to airlift procurement, management controls, and security. A 1988 IG, DoD, inspection verified inadequate action on two deficiencies previously reported by management as corrected--seat spacing requirements and granting of waivers. Other corrective actions are incomplete, including evaluation of foreign airlift contractor capabilities and safety information, improvement of the passenger comment process, and determination of appropriate functions and staffing levels of the Air Carrier Survey and Analysis Office. (GAO-NSIAD-87-67)

In response to the Inspector General Act amendments of 1988, a listing of IG, DoD, audit reports on which action has been ongoing for 1 year or more after managers agreed to take action is at exhibit 3.

EXHIBIT 3
STATUS OF IG, DoD, REPORTS OVER 12 MONTHS OLD WITH FINAL ACTION PENDING
 (As of September 30, 1989)

Report Number	Report Date	Monetary Benefits (\$ in thousands)		Reason Action Not Completed	Primary Action Office
		Questioned Costs	Funds Put to Better Use		
81-055	2/25/81			2	P&I,
81-094	4/30/81			2	COMPT
82-029	11/10/81			2	P&I,
83-098	4/11/83			2	P&I,
83-130	5/20/83			2	JCS
83-137	6/3/83			2	P&I,
83-155	7/5/83			2	DLA
83-169	9/23/83			2	Army
84-002	10/25/83			2	Navy
84-058	3/26/84			2	Army, Air Force
84-061	4/20/84			2	COMPT
84-070	4/18/84			2	DCA
84-074	4/18/84			2	Army
84-117	8/15/84			2	COMPT
84-139	9/28/84			2	FM&P, Air Force
85-050	11/14/84			2	P&I,
85-056	12/24/84			2	P&I,
85-089	4/19/85			2	PA&E
85-092	5/3/85			2	P&I,
85-095	5/31/85	\$122		2	C3I
85-099	6/27/85			2	Army
85-104	7/26/85			2	Air Force
85-108	8/16/85			2	IIA
85-111	8/30/85	\$1,189		2	Army
85-116	9/18/85			2	DDR&E
85-123	9/30/85	\$23		3	Army
85-124	9/30/85	\$122		3	Army
85-125	9/30/85	\$11		3	Army
85-802	8/16/85			2	P&I,
86-002	10/9/85			2	Army
86-003	10/11/85			2	PA
86-042	11/18/85			2	DLA
86-056	1/23/86			2	PA&E
86-060	1/31/86	\$40		3	Air Force
86-061	1/31/86			2	DLA
86-062	2/4/86			2	P&I,
86-067	2/18/86			2	P&I,
86-075	2/28/86	\$202		3	Air Force
86-076	2/28/86	\$165		3	Air Force
86-077	2/28/86	\$137		3	Air Force

Reason Action Not Completed:

1. Long-term corrective action on schedule.
2. Management action slipped significantly from originally estimated completion date.
3. Formal administrative or judicial appeal.

Report Number	Report Date	Monetary Benefits (\$ in thousands)		Reason Action Not Completed	Primary Action Office
		Questioned Costs	Funds Put to Better Use		
86-078	2/28/86	\$28		3	Air Force
86-079	2/23/86	\$133		3	Air Force
86-123	8/21/86			2	P&L
86-127	8/25/86	\$50		2	Army
86-130	8/27/86	\$544		3	Army
86-131	8/28/86			2	P&L
86-133	8/29/86	\$98		3	Army
87-027	10/24/86			2	P&L
87-028	10/27/86			2	Army
87-031	10/30/86	\$132		3	Army
87-048	11/17/86			2	Navy
87-050	11/18/86			2	DLA
87-059	12/17/86			2	Navy
87-074	2/2/87			2	Army, Navy
87-087	2/17/87			2	DIR&E
87-109	4/2/87			2	USD(A)
87-117	4/7/87	\$242		2	Air Force
87-122	4/8/87			2	DLA
87-124	4/9/87			2	USD(P)
87-140	5/6/87			2	P&L
87-141	5/7/87			2	Navy
87-145	5/11/87			1	P&L
87-148	5/19/87			2	DCA
87-150	5/19/87			2	USD(P)
87-151	5/19/87			2	USD(P)
87-153	5/21/87	\$31		2	DCAA
87-157	5/22/87			2	P&L
87-169	6/18/87	\$85		3	Navy
87-172	6/18/87	\$1,134		2	Army
87-175	6/19/87			2	DNA
87-177	6/19/87			2	Navy
87-190	7/13/87			1	Navy
87-197	7/24/87			2	P&L
87-199	7/29/87	\$25		2	Air Force
87-205	7/29/87	\$2,885		2	Air Force
87-208	7/31/87			2	COMPT
87-210	7/31/87			2	P&L
87-211	7/31/87			2	DLA
87-212	7/31/87			2	P&L

Reason Action Not Completed:

1. Long-term corrective action on schedule.
2. Management action slipped significantly from originally estimated completion date.
3. Formal administrative or judicial appeal.

Report Number	Report Date	Monetary Benefits (\$ in thousands)		Reason Action Not Completed	Primary Action Office
		Questioned Costs	Funds Put to Better Use		
87-212	7/31/87			2	P&L
87-220	8/14/87			2	Navy
87-222	8/18/87		\$854	3	Army
87-223	8/20/87			1	DLA
87-226	8/26/87			1	Air Force
87-227	8/31/87			2	DMA
87-230	9/2/87			2	Navy
87-231	9/4/87	\$91		2	Air Force
87-236	9/15/87			2	Air Force
88-025	10/13/87			2	DDR&E
88-038	10/20/87	\$715		2	Navy
88-041	10/22/87		\$100	2	Army
88-042	10/28/87			2	Air Force
88-045	11/4/87			2	Army
88-047	11/6/87			2	Army
88-050	11/23/87			2	Army
88-053	11/30/87			2	Army, Navy, AF
88-056	12/4/87			1	COMPT
88-057	12/8/87	\$1,114		2	Army
88-064	12/28/87		\$46	2	Army
88-067	1/6/88		\$20,000	2	FM&P, DLA
88-069	1/12/88			2	DLA
88-071	1/19/88			2	Air Force
88-079	1/27/88			3	DLA
88-080	2/1/88			3	USD(P)
88-083	2/4/88	\$5,356		2	Army
88-087	2/16/88	\$7,375		2	Air Force
88-089	2/26/88	\$244		2	Army
88-092	3/1/88			1	DLA
88-098	3/9/88	\$321		2	Army
88-103	3/15/88			2	DLA
88-106	3/18/88	\$658		2	Army
88-109	3/21/88			2	USD(A)
88-112	3/22/88			2	USD(A), Army, Navy
88-114	3/30/88	\$10,500		2	Army
88-115	3/30/88		\$71,200	2	DLA
88-116	3/30/88			2	Air Force

Reason Action Not Completed:

1. Long-term corrective action on schedule.
2. Management action slipped significantly from originally estimated completion date.
3. Formal administrative or judicial appeal.

Acronyms:

C³I - Command, Control Communications
and Intelligence

COMPT - Comptroller

DCA - Defense Communications Agency

DDR&E - Dir, Def. Research & Engineering

DLA - Defense Logistics Agency

DMA - Defense Mapping Agency

DNA - Defense Nuclear Agency

FM&P - Force Management and Personnel

HA - Health Affairs

JCS - Joint Chiefs of Staff

PA - Public Affairs

PA&E - Program Analysis and Evaluation

P&L - Production and Logistics

USDA - Under Secretary of Def. for Acquisition

USDP - Under Secretary of Def. for Policy

CHAPTER 2

CONTRACT AUDITS

The IG, DoD, formulates contract audit policy, provides oversight, and coordinates DoD contract audit followup efforts.

The Defense Contract Audit Agency (DCAA) was established as a separate agency in the DoD to offer independent contract audit and financial advisory services to DoD components. It operates under the general direction and control of the Comptroller, Department of Defense.

DCAA offers contract audit services on a reimbursable basis to other Government agencies at contractor locations where the DoD has a continuing audit interest, or where it is more economical from a Governmentwide standpoint. Over 90 percent of DCAA audit work is done, however, for the DoD.

The U.S. Army Corps of Engineers audits civil works contracts.

MATTER FOR CONGRESSIONAL CONSIDERATION

Legislation should be introduced to provide contract auditors with the authority to obtain those contractor records required to comply with Government Auditing Standards issued by the Comptroller General of the United States. The two contract clauses covering access by the DCAA to contractors' records are based on 10 U.S.C. 2306a and 10 U.S.C. 2313a. Neither clearly defines a contract audit or makes reference to the Government Auditing Standards as the basis for determining the records required for an audit.

The DCAA will have difficulty in effectively and efficiently accomplishing its mission unless it is given timely access to contractor records and reports. Access to contractor internal audit reports by the DCAA would help to reduce excessive and duplicative audit coverage of contractors.

The present legislation is outdated and needs to be revised. A suggested revision to subsections (a) and (d) of section 2313 of 10, U.S.C. is:

2313. Examination of books and records of contractor

(a) An agency named in section 2303 of this title is entitled, through an authorized

representative, to inspect the plant and audit or examine the books, records, documents, and other evidence and accounting procedures and practices of--

(1) a contractor performing an incentive, cost reimbursement, time and materials, labor hour, or price redeterminable contract (or any combination of these) made by that agency under this chapter; and

(2) a subcontractor performing any subcontract under an incentive, cost reimbursement, time and materials, labor hour, or price redeterminable contract (or any combination of these) made by that agency under this chapter.

The authorized representative performing an audit or examination in accordance with a provision of law, a contractual provision or a regulation of the agency shall have the right to examine sufficient competent evidential matter, regardless of form, through inspection, observation, inquiry and confirmation that, in the professional judgment of the authorized representative, are necessary to comply with the government auditing standards established by the Comptroller General of the United States for audits of Governmental organizations, programs, activities, and functions.

(d)(1) The Director of the Defense Contract Audit Agency (or any successor agency) may require by subpoena the production of books, documents, papers, or records access to which is provided to the Secretary of Defense or the contracting officer by a provision of law, a contractual provision, or a regulation of the Agency.

DEFENSE CONTRACT AUDIT AGENCY

Audit Results

The results of DCAA auditing for the Federal Government are shown in exhibits 4 and 5, page 2-3.

Significant DCAA Audits

Incurred Cost Audits - *A review of the direct and indirect costs charged to Government contracts, and Government policies and procedures that influence and control such costs.*

Indirect Costs

A review of a contractor's allocation of indirect costs between commercial and Government segments resulted in savings of \$62.3 million. The allocation was not proportional to the benefits received or related to the cause for incurring the costs. The nonhomogeneous cost pools increased Government contract costs and did not comply with Cost Accounting Standards.

Performance Records

An audit of performance records revealed that a contractor had transferred direct labor and material costs experienced on a firm-fixed price production contract to a fixed-price-incentive contract. Since a third follow-on contract was negotiated based on the erroneous direct labor data, the contractor had substantially less production costs on the follow-on contract than anticipated.

During the audit, irregular conduct was suspected and a joint investigation was conducted by the Federal Bureau of Investigation, the Defense Criminal

Investigative Service, and the Department of Justice. The contractor pleaded guilty to 3 counts of criminal conspiracy for defrauding the Government and agreed to administrative settlements of \$16.8 million.

Professional Liability Insurance

A review of a contractor's claim that included professional liability insurance premiums resulted in savings of \$20.9 million. The method of allocating the premiums to Government contracts was not supported by procurement regulations. The distribution of the premiums was not proportional to the benefits received on Government contracts, resulting in increased Government contract costs.

Forward Pricing Proposal Audits - *A review of estimated future costs of proposed contract prices, proposed contract change orders, costs for redeterminable fixed-price contracts, and costs incurred but not yet covered by definitized contracts.*

Material Escalation Factors

A contractor included in a firm-fixed-price proposal material escalation factors and material scrap factors that were not supported by historical data. The contractor's factory labor requirements were not reasonable because they were based on erroneous labor standards. They did not reflect productivity improvements resulting from implementation of a modernization program. A \$13.6 million contract price reduction was negotiated.

Warranty Costs

A contractor included warranty costs in a price proposal that were to be provided at no cost on the Government contract. Direct labor hours were unreasonable and were not supported by historical data. The contracting officer negotiated a \$23.2 million contract price reduction.

Defective Pricing Audits - *A review to determine whether contracts are based on current, complete, and accurate cost or pricing data (the Truth in Negotiations Act).*

EXHIBIT 4^{1/}
CONTRACT AUDIT REPORTS ISSUED
DEFENSE CONTRACT AUDIT AGENCY

Type of Audit	Reports Issued	Amount (\$ in millions)		
		Examined	Disallowed Costs	Funds Put to Better Use ^{4/}
Incurring Costs	22,998	\$49,550.8	\$1,078.6	N/A
Forward Pricing Proposals	13,150	100,839.4	N/A	\$9,892.2
Cost Accounting Standards	2,005	234.7	118.7	N/A
Defective Pricing ^{2/}	1,926	0.0	735.0	N/A
Other ^{3/}	<u>68</u>	<u>0.0</u>	<u>0.0</u>	<u>N/A</u>
Total	40,147	\$150,624.9	\$1,932.3	\$9,892.2

1/ Because of the short time between data availability and legislative deadline, exhibit data may change based on subsequent DCAA authentication.

2/ Defective pricing dollars examined are not reported because they are considered a duplication of forward pricing dollars reported as examined.

3/ Includes contract coordination programs, GAO activity, special projects and studies, and suspected irregular conduct cases.

4/ Cost Avoidance.

EXHIBIT 5^{1/}
CONTRACT AUDIT REPORTS CLOSED^{2/}
DEFENSE CONTRACT AUDIT AGENCY

Type of Audit	Reports Closed	Amount (\$ in millions)		
		Audit Exceptions	Disallowed Costs	Funds Put to Better Use ^{3/}
Incurring Costs	2,439	\$1,073.3	\$659.2	N/A
Forward Pricing Proposals	8,831	8,907.5	N/A	\$4,340.1
Cost Accounting Standards	88	67.7	28.2	N/A
Defective Pricing	<u>397</u>	<u>317.1</u>	<u>125.1</u>	<u>N/A</u>
Total	11,755	\$10,365.6	\$812.5	\$4,340.1

1/ Because of the short time between data availability and legislative deadlines, exhibit data may change based on subsequent DCAA authentication.

2/ Reports issued to procurement and/or administrative contracting officers that had audit exceptions upon which final contracting officer decisions were rendered during the period. Reported benefits are based on contracting officer decisions and are subject to later change where contractors have appealed disputed items to the Armed Services Board of Contract Appeals, or where other litigation is pending. Estimated net savings of \$364.4 million are associated with such pending cases as follows: Incurring Costs - \$327 million; Defective Pricing - \$37.4 million.

3/ Cost avoidance.

Production Break

A contractor did not plan or experience a production break as was proposed during contract negotiations. Because the contract price was based on a proposed break, the contractor experienced substantially less direct labor production costs than anticipated. A \$7 million price reduction was negotiated.

Direct Costs

An audit found that a contractor had included in a price proposal direct costs for some general test equipment of a type that had previously been capitalized and charged indirectly to contracts. This practice was inconsistent with Cost Accounting Standards and savings of \$1.3 million were realized.

Interdivisional Material Cost Transfers

A contractor's material transfers to Government contracts were not based on cost as required by Federal Acquisition Regulations. The contractor used full material selling prices of the commercial division, including profits. By including profits on the transfers, additional profits were negotiated on Government contracts. The contractor refunded \$6.5 million.

Misclassified Costs

A postaward review of seven contracts resulted in savings of \$8.5 million. A contractor had misclassified nonrecurring engineering effort as production effort. The contractor also commingled the cost history of other similar production. The commingled data was not disclosed to Government negotiators and the adjusted historical production data supported lower direct labor costs.

Operations Audits - *An evaluation of an organizational unit or function within a contractor's business to determine whether efficient and economical methods are used in the performance of Government work. Operating audits include the review and evaluation of policies, procedures, controls, and performance to assure that a reasonable level of cost efficiency is achieved to accomplish contract requirements. Audit exceptions are reported as cost avoidances when identified with unnecessary or inefficient*

operations. When the audits disclose instances of mischarging or improper accounting, the audit exceptions are reported as costs questioned.

Pension Assets

A contractor used a projected benefits cost method to compute pension costs charged to Government contracts. The contractor proposed to allocate pension assets based on accrued liabilities under an accrued benefit cost method which is not in compliance with accepted Cost Accounting Standards. Such a method distorts the allocation of assets among the segments. The contractor agreed with the audit and savings of \$5 million were realized.

Claims Audits

Labor and Material Costs

An audit found that claimed labor and material costs incurred were not related to the terminated subcontract. The claim also included substantial indirect costs not allowable or allocable to the subcontract. Based on the audit, the Government saved \$1.4 million.

Equitable Adjustment Claim

A contractor claimed that labor and material costs incurred were due to defective Government furnished material and Government caused delays. Using graphic and computational analysis, an audit showed that the claimed costs duplicated direct and indirect costs and included unallowable expenses and productivity losses. The Government was not obligated to pay the \$2.7 million claim and the claim was disallowed.

Corporate Home Office Expenses

A contractor's claim for corporate home office expenses included entertainment, financing expenses, and executive stock bonuses or costs for "golden parachutes" awarded for a corporate merger. The items claimed are not allowable under Federal Acquisition Regulations and the Government saved \$3.7 million.

Termination Claim

A contractor claimed losses on land values, unrealized contract profits, and unrealized

losses on land improvements. The claimed items are not allowable under Federal regulations. The Government saved \$15.9 million.

U.S. ARMY CORPS OF ENGINEERS (CoE)

Auditors issued 175 reports that questioned over \$30 million (exhibits 6 and 7).

Significant CoE Audits

Subcontractor Quotation

A post award audit of contractor compliance with the Truth in Negotiations Act revealed that a subcontractor quotation, onhand prior to submission of the original proposal, was not submitted to the Government for review.

EXHIBIT 6 CONTRACT AUDIT REPORTS ISSUED U. S. ARMY CORPS OF ENGINEERS (For the 6-month Period Ending September 30, 1988)

Type of Audit	Reports Issued	Amount (\$ in millions)		
		Examined	Disallowed Costs	Funds Put to Better Use ^{1/}
Incurring Costs	54	\$54.4	\$12.2	N/A
Forward Pricing Proposals	84	94.4	N/A	\$9.3
Defective Pricing	10	17.1	.7	N/A
Other	<u>27</u>	<u>95.2</u>	<u>8.2</u>	<u>N/A</u>
Total	175	\$261.1	\$21.1	\$9.3

^{1/} Cost avoidance.

EXHIBIT 7 CONTRACT AUDIT REPORTS CLOSED U. S. ARMY CORPS OF ENGINEERS (For the 6-month Period Ending September 30, 1988)

Type of Audit	Reports Closed	Amount (\$ in millions)		
		Audit Exceptions	Disallowed Costs	Funds Put to Better Use
Incurring Costs	31	\$3.4	\$2.9	N/A
Forward Pricing Proposals	57	3.5	N/A	\$3.3
Defective Pricing	2	0.0	0.0	N/A
Other	<u>18</u>	<u>.7</u>	<u>.7</u>	<u>N/A</u>
Total	108	\$7.6	\$3.6	\$3.3

Through the revisions to the proposal, the quotation was withheld from the Government, resulting in an additional cost of over \$171,000. An offset of \$19,265 was allowed based on the increased costs of bonding the contract over and above the negotiated amount.

The audit recommended that the contracting officer make a downward contract price adjustment of over \$151,000 and collect the funds from the contractor.

Defective Pricing

A contractor negotiated a contract based on a quotation for steel piling from a vendor when the steel was purchased from another vendor at a lower price. The purchase order to the second vendor was dated prior to the date the contractor signed the certificate of current cost or pricing data. A downward contract price adjustment of over \$200,000 was recommended.

IG, DoD, CONTRACT AUDIT POLICY AND OVERSIGHT

The Assistant Inspector General for Audit Policy and Oversight provides policy for and oversight of the contract audit organizations in the DoD.

This office also coordinates IG, DoD, comments on proposed changes to acquisition regulations. The IG, DoD, had previously advised the DoD and the Congress that the Defense Acquisition Regulation Council did not implement agreed-upon IG, DoD, recommendations for regulatory improvements promptly or fully. Those problems appear to have been resolved. New procedures have been devised to lend appropriate priority to IG, DoD, special interest items and the Council provides periodic status reports.

The office participated on the Defense Advisory Committee for uncompensated overtime, and on the working group for oversight duplication. The DCAA audit support for voluntary disclosures at a major contractor is being monitored and coordinated. The office is assisting the DCIS and the U.S. Attorney in developing a plan for investigative computer support at another major contractor.

The office issued seven DCAA oversight reports. The results of those reviews follow:

• **Followup Review of the DCAA Audit Coverage at "Little or No Annual Dollar Volume" Contractors (APO 89-015).** Steps were taken to provide adequate audit coverage. Although some improvement was evident, the coverage was inadequate. Problems were identified with internal control questionnaires, permanent files, and supervision.

• **Review of the DCAA Coverage of Proposed Direct Labor Costs at Major Contractors (APO 89-018).** Thorough, well-organized, and sound guidance was issued, but corrective actions were needed by the procurement community and the DCAA to ensure that contract auditors are provided with Government technical reviews of these costs.

• **Review of the DCAA Quality Control Review Program (APO 89-019).** The DCAA failed to update the Contract Audit Manual (CAM) for the revised Government Auditing Standards (GAS). The revised GAS were effective January 1, 1989, and the CAM, although updated twice a year, did not include the revisions.

• **Review of the DCAA Evaluations of Contractors' Catalog/Market Sales (APO 89-020).** Some audits of contractor claims for exemption from submitting certified cost or pricing data were inadequately performed. Problems were found with planning, supervision, and documentation. Audit offices did not request documentation to support contracting officer's determination for granting exemptions, and the threshold required for submitting a claim for exemption needed clarification.

• **Review of the DCAA Backlog of Incurred Cost Audits (APO 89-021).** The DCAA has well-defined policies and procedures for developing its resource requirements and has accurately tracked its backlog. The DCAA should develop a 5-year plan to reduce its incurred cost audit backlog and should defer its discretionary audits for 1 year to reduce the backlog. The Defense Federal Acquisition Regulation Supplement should be revised to

provide penalties if contractors' final indirect submissions are not received within 90 days of the end of the fiscal year.

• Review of DCAA Labor Audits at Major Contractors (APO 89-022). Coverage of labor costs was generally adequate, but improvements are needed in documenting risk and vulnerability. Audit coverage of contractors' employee awareness programs had not always been performed.

• Review of the DCAA Access to Contractor Records (APO 89-024). Access to records continues to be a problem for the DCAA. While the DCAA has been given subpoena power and aggressively pursues access, significant problems continue because the basic cause of the current disputes is due to deficiencies in existing legislation.

CONTRACT AUDIT FOLLOWUP

The IG, DoD, conducts oversight reviews to make sure DoD components implement policies for timely, properly documented settlement of contract audit issues. Members of the IG, DoD, followup staff visited 34 acquisition offices to determine the adequacy of followup procedures at those locations.

The staff also issued 3 oversight reports, highlighting the following:

► DCAA and contracting activity recordkeeping on audit reports related to Cost Accounting Standards compliance needs improvement.

► Over half of the open DCAA defective pricing, cost estimating system, and accounting system reports pertain to just 12 contractors. Better information sharing among DoD offices is needed to deal consistently with multiple reports concerning the same contractor.

► Numerous lessons learned are evident from the past 50 oversight reviews. On the whole, the DoD contracting offices are doing a good job in the contract audit followup area. The program ensures indispensable internal controls in the DoD contracting process. As refined in February 1988, the DoD contract audit followup regulations strike a proper, viable balance between reinforcing the authority of the contracting officer while maintaining full accountability.

The DoD contracting organizations reported 554 significant, postaward DCAA contract audit reports as undecided as of September 30, 1989. Those reports have questioned costs of \$1.6 billion.

CHAPTER 3

CRIMINAL INVESTIGATIONS

The Department's criminal investigative organizations are the Defense Criminal Investigative Service (DCIS)--an arm of the IG, DoD--the Army Criminal Investigation Command (CIIIC), the Naval Investigative Service Command (NIS), and the Air Force Office of Special Investigations (AFOSI). These organizations investigate fraud against the

DoD, homicide, assault, drug violations, and property crimes. The NIS and the AFOSI also conduct counterintelligence investigations.

This chapter gives summary statistics and selected criminal fraud investigative cases of the DCIS, CIIIC, NIS, and AFOSI. It also provides IG, DoD, criminal investigation policy and oversight activities.

Exhibits 8 and 9, pages 3-3 and 3-5, and exhibit 10, page 3-8, show information on investigative case loads and the results achieved during this period. The exhibits do not reflect the results of general investigations or counterintelligence activities.

SIGNIFICANT FRAUD CASES

Defective Pricing

Spare Actuator Systems

Curtis Wright Flight Systems, Incorporated, provided inaccurate and incomplete cost and pricing data to the Air Force on contracts for spare actuator systems used on C5A transport aircraft. A DCIS investigation resulted in a \$1.4 million civil settlement for defective pricing. (DCIS)

Inflated Billings

An investigation revealed that Kraftanlagen AG, a German contractor, submitted false claims of over \$582,000 for plumbing and heating services for the Division of Enlisted Housing at Heidelberg, Germany. The company directed a subcontractor to inflate its billings and then included the inflated costs in claims to the Army. The company Director was prosecuted in a Federal Republic of Germany court and fined approximately \$29,000. Kraftanlagen was debarred and has agreed to pay the Army \$500,000 as part of a negotiated settlement. (CIIIC)

Product Substitution

Nuclear Power Plant Valves

A joint investigation by DCIS and NIS

resulted in the indictment of Erie Hardfacing Industries, Incorporated, and its president and owner.

Plasma arc welding instead of automatic welding was used for hardfaced disks. The disks are an integral part of nuclear power plant valves that control coolant water to the reactor on nuclear powered Navy vessels. The inferior welding caused valve leakage.

The official faces a maximum of 35 years in jail. He and the corporation face total fines of up to \$1.75 million. (DCIS/NIS)

Compressor Parts

Commercial Compressor Components, Inc., and Compressor Technicians, Inc., along with two company officers and a supervisor, were indicted on 22 counts. The companies provided rebuilt compressor parts and charged the Air Force for new ones. A shell company was formed to aid in inflating the cost of the materials. The estimated loss from this scheme is \$500,000. Trials on the charges are pending. (AFOSI)

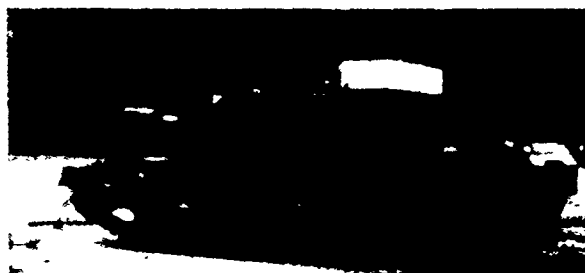
Turbine Engine Parts

A joint investigation by the DCIS, the AFOSI, and the Federal Bureau of Investigation (FBI), resulted in a guilty plea by Aerodyne Investment Castings, Incorporated, and a 9-count indictment against the former presidents, general managers, members of the Board of

Directors, and a former chief engineer.

Aerodyne manufactured turbine engine parts for military aircraft and the M-1 Abrams tank. Scrap and remelted alloy was used in casting the parts instead of the virgin alloy required by the contracts. The corporation and officials submitted false certifications to the Army and the Air Force. One of the former presidents also submitted a DoD voluntary disclosure report containing false and incomplete information.

Aerodyne was placed on probation for 5 years and fined \$250,000. The OIG, DoD, and the FBI were each reimbursed \$25,000 for the cost of the investigation. The officials face total maximum penalties of 105 years in jail and fines of \$2.8 million. (DCIS/AFOSI)



M-1 tank with 120-mm gun. (DoD photo)

Substandard Fasteners

A joint investigation by DCIS, NIS, the U.S. Customs Service, and the Nuclear Regulatory Commission, resulted in a 34-count indictment against Aircom Fasteners, Incorporated, six corporate officers, and current and former employees. A Japanese firm, Yamaguchi-Seisakusho Company, Ltd., and five corporate officers and employees were also indicted.

The corporations manufactured and falsely marked substandard and subquality fastener products such as screws, nuts, and bolts. The products were falsely invoiced and sold to the DoD and to the Texas Utilities Comanche Peak Nuclear Power Plant.

Aircom and Yamaguchi face fines of more than \$9.2 million if convicted on all counts. The six

corporate officers face a total of more than 300 years in jail and fines of more than \$14 million. The Japanese foreign nationals face criminal fines of \$3 million and 78 years in jail. (DCIS/NIS)

Coal

An investigation of Rudolf Damm Berganbetriebe, a German coal contractor, resulted in an administrative settlement. The contractor supplied non-conforming, high polluting coal to the Army and then billed for a higher grade of coal. The contractor returned about \$861,000 to the Army and was debarred. (CIBC)

Oil Transmitters

Settlements arose from an investigation into falsification of test results for oil transmitters used in C-141 and B-52 aircraft engines.

The Allied Bendix/Allied Signal, Guidance Systems Division, agreed to pay \$1 million to the Government in final settlement of damages incurred by the Air Force and the costs of the investigation. The company also agreed to pay \$2.4 million as part of an agreement with the Air Force's prime contractor. The company has initiated quality assurance programs to prevent future occurrences. Seven employees previously pleaded guilty to conspiracy and fraud charges arising from this investigation. (AFOSI)

Counterfeit Fasteners

Rice Aircraft, Inc., and its president pleaded guilty to criminal charges involving conspiracy to commit mail fraud, wire fraud, bribery, and defrauding the Internal Revenue Service. They sold counterfeit aerospace fasteners, falsified testing documentation, and paid kickbacks to the supplier and customer representatives.

The company president agreed to pay fines and prosecution costs of \$500,000, faces up to five years in jail and an additional \$250,000 criminal fine. The company agreed to pay a fine of \$50,000. The sentencing court may require either or both defendants to pay a restitution of up to \$1 million. Both have been suspended. (AFOSI/DCIS)

EXHIBIT 8
INVESTIGATIVE CASE RESULTS
(For the 6-month Period Ending September 30, 1988)

CASE RESULTS	Totals for Period		
	DoJ	DoD	Local/State/ Foreign
Litigation Results			
Indictments			
DCIS	118		2
Military Services	40	300 1/	35
Joint DCIS/Services	59		
Convictions			
DCIS	95		2
Military Services	60	249	33
Joint DCIS/Services	24		
Pretrial Diversions			
DCIS	3		
Military Services	21		
Joint DCIS/Services			
Article 15s			
DCIS			
Military Services		190	
Joint DCIS/Services			
Civil Settlements/Judgments			
DCIS	22		
Military Services	3	N/A 2/	
Joint DCIS/Services	2		
Monetary Outcomes			
Fines/Forfeitures			
DCIS	\$7,089,551		\$2,000
Military Services	4,335,092	\$1,915,083	5,401
Joint DCIS/Services			
Restitutions			
DCIS	2,086,518		3,831
Military Services	926,669	80,013	129,681
Joint DCIS/Services	250,000		
Recoveries 3/			
DCIS		34,970,612	
Military Services		26,822,921	
Joint DCIS/Services		2,168,891	
Civil Settlements/Judgments			
DCIS	20,098,384		
Military Services	14,882,068	N/A 2/	
Joint DCIS/Services	500,000		

1/ Represents that an Article 32 officer has recommended a court martial to the convening authority.

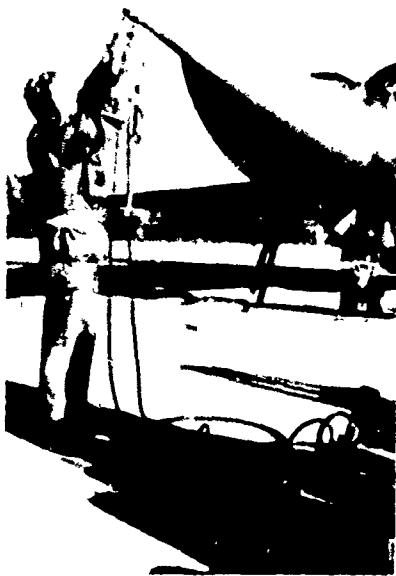
2/ Military command is not responsible for civil settlements or judgments.

3/ Includes dollars returned to the Government under administrative procedures or recovered during the investigation.

Substandard Hardware Components

A joint investigation by DCIS and AFOSI resulted in guilty pleas by two Arista Devices Corporation officials. They provided nonconforming, substandard components for systems used on the M60-A-3 battle tank, radar components for the C-130 and other aircraft, and infra-red tailwarning systems for the FB-111 fighter bomber.

The officials were sentenced to 5 years' probation, suspended, and paid restitution of \$367,780. The DoD debarred them for 10 years. They also face a civil suit which seeks over \$9.2 million in damages. (DCIS/AFOSI)



A maintenance specialist unhooks altitude and air speed test equipment from the nose of an FB-111. (DoD photo)

False Claims and False Statements

Inflated Contract Prices

The General Electric Company (GE), and its subsidiary, Management and Technical Services Company (MATSCO), obtained an inflated \$244 million contract to deliver computer support

systems to the Army. The Army was not informed that much lower firm fixed prices had been established with many of their subcontractors.

A prior criminal indictment charged GE and MATSCO with defrauding the DoD of over \$22 million. The civil complaint seeks a recovery of \$23 million for damages. (DCIS)

Overstated Manufacturing Costs

Tectonics, Incorporated, overstated its manufacturing costs during negotiations for the sale of high performance jet engine ball bearings and nuclear reactor bearings. The Government paid the overstated costs. The recovery from the settlement could exceed \$20 million.

A lawsuit was filed by a former employee under the *qui tam* provisions of the False Claims Act. Under those provisions, a successful plaintiff is entitled to a certain percentage of the monies recovered by the Government. The employee will receive approximately \$1.4 million. (DCIS)

False Billings

An internal audit by the Illinois Tool Works, which produces and maintains sonar equipment, found that the Navy had been billed for supplies and services not actually provided. A voluntary disclosure was made by the contractor. The NIS, subsequent to the disclosure, became aware of possible criminal activity by company personnel. An employee provided false information to a Government inspector that resulted in the payments of false invoices. The individual pleaded guilty to criminal charges. Illinois Tool Works paid about \$1.8 million in double damages to the Government. (NIS)

False Pricing Data

A married couple, owners of Marcon Industries, Incorporated, provided false pricing data to the Air Force on a contract for computer hardware and software. The Defense Contract Audit Agency uncovered pricing abnormalities during an audit and referred the matter for investigation. Under the contract the couple used a separate supply business owned by the wife to inflate costs to the prime contractor.

EXHIBIT 9
INVESTIGATIVE CASE RESULTS
(Administrative Actions)
(For the 6-month Period Ending September 30, 1999)

Administrative Actions	Investigative Activity		
	DCIS	Military Services	Total
Contractor Actions ^{1/}			
Debarments			264
Suspensions			253
Other Actions ^{2/}			163
Personnel Actions ^{3/}			
Reprimands		136	136
Demotions		6	6
Terminations	12	57	69
Other ^{4/}	27	227	254
Management Actions	1	40	41

^{1/} Suspensions and debarments reflected are the results of investigations, and other information brought to the attention of the DoD.

^{2/} Includes terminations and rescissions, reimbursements, recoupments, and other contract actions taken under administrative procedures.

^{3/} Only those resulting from investigative activities.

^{4/} Includes administrative discharges and dismissals, counseling, and any other punitive personnel actions taken as a result of the investigation, except discharges resulting from military court action.

The individuals pleaded guilty to submitting false claims. Sentencing is pending. A civil settlement agreement provided repayment to the Government of \$130,000, dismissed \$431,000 in claims, and provided the Air Force with nearly \$1.5 million in computer hardware. (AFOSI)

False Surety Bonds

Three individuals and the JE Management Corporation were indicted on 38 counts for

making false statements and for conspiracy to defraud the Government. The indictments arose from a multi-agency investigation into submission of false surety bonds on Government contracts. The providers of the surety bonds overstated their assets, exposing the Government to risk, should guarantee payments be required.

The individuals and the corporation were suspended, pending the outcome of the trial. (AFOSI)

Falsifying Tests and Certificates of Conformance

A joint investigation by DCIS, AFOSI, NIS, and the Federal Bureau of Investigation, resulted in a 167-count indictment against Northrop Corporation and its principals. The defendants conspired to defraud the Government during the construction of the flight data transmitter (FDT) guidance system in the Air Force Air Launch Cruise Missile, and the rate sensor assemblies (RSA) stabilization system for the Navy Harrier jet.



AV-8B Harrier II (DoD Photo)

The FDT was required to withstand temperatures as low as 65 degrees below zero fahrenheit. Parts which froze at 40 to 50 degrees below zero fahrenheit were supplied. Testing was not always performed and test results on failing FDTs were often changed. Vibration tests were not performed on the RSAs and certification vibration tests were falsified.

If convicted on all counts, Northrop faces a maximum fine of over \$30 million. The principals each face a maximum of 5 years in jail and a \$5,000 fine on each count. (DCIS/AFOSI/NIS)

Bribery and Kickbacks

Kickbacks

An employee of Martin Marietta Corporation intercepted employment resumes and funneled them through two individuals who ran employment agencies. The individuals contacted the applicants and referred them to the Martin Marietta employee. When the applicant was hired, Martin Marietta paid the employment agency a 20 percent finders' fee. A percentage of this fee was returned to the corporate employee by the employment agencies. The finders' fees were charged to Government contracts.

If convicted on all counts, the three individuals face a total of 280 years in jail and fines of \$11.5 million. (DCIS)

Point System Bribery Scheme

An undercover operation identified Government

officials involved in bribery. Poly Tech Industries, Incorporated, used a point system to reward Government employees who placed orders for chemicals paid for and used by the Navy. The employees accumulated the points based on the value of contracts they placed with the company. The points were redeemed for such items as computers, televisions, and video cassette recorders.

Poly Tech and one of its sales staff were indicted on 9 counts. The company faces fines of up to \$500,000. The individual faces a possible 15 year sentence, a fine of \$250,000, plus three times the value of the bribes if convicted on all counts. Four Navy civilian employees pleaded guilty to related offenses. (NIS)

Foreign Military Sales (FMS) Funded Contracts

An investigation conducted by the DCIS, the Internal Revenue Service, the Federal Bureau of Investigation, and the U.S. Customs Service, resulted in a 20-count indictment against a former vice president of the Aerospace Division, Napco International Incorporated.

The vice president bribed officials of the Republic of Niger in order to obtain contracts funded by the U.S. under the FMS program. The contracts provided spare parts and maintenance on C-130 aircraft operated by Niger. Nearly \$130,000 was paid to two officials through bogus accounts.

If convicted, the vice president faces a maximum penalty of 94 years in jail and a \$2.1 million fine. The corporation and its parent, Venturian Corporation, have pleaded guilty to a 3-count criminal information. (DCIS)



A Blue Angel's maintenance crew member pulls the intake cover on a C-130. (Navy Photo)

Other Indictments and Convictions

Conspiracy

A joint investigation by the CIDC and the Federal Bureau of Investigations resulted in guilty pleas by a retired Brigadier General and the Milton Corporation, a company he formed to provide consulting services.

The General (Ret.) asked a contracting official for information about contracts to be awarded. The contracting official was to receive a retainer of \$300 per month, plus 2 to 6 percent of the contract award price for information resulting in award of any contracts. The contracting official reported the offer to investigative authorities. The investigators monitored meetings and controlled the release of information to the General (Ret.), ensuring no damage to the procurement process would result.

The General (Ret.) and Milton Corporation pleaded guilty to charges of conspiracy to bribe a public official. Additional indictments are

expected. The General (Ret.) was placed on 2 years' probation and ordered to perform 300 hours community service. The company was fined \$1,000. (CIDC)

Operation Illwind

Continuation of a joint investigation by NIS and the Federal Bureau of Investigations on DoD procurement fraud has resulted during this period in:

- Conviction of two individuals and guilty pleas by thirteen others.

- Imposition of \$1,698,613 in criminal fines and \$2,077,742 in civil fines.

- Administrative recoveries of \$4,000,000, reimbursements of \$1,029,500, and forfeitures of \$385,000.

- Incarceration of nine individuals for a total of 143 months, placement of nine individuals on probation for a total of 240 months, and suspended sentences for five individuals for a total of 108 months.

- The suspension of 14 companies and five individuals, and the debarment of one company and 10 individuals. (NIS)

Progress Payment Fraud

The vice president of Rimco Industries, Inc., and an Air Force civilian employee pleaded guilty to misappropriation of Government funds. The official, aided by the Air Force civilian, falsely overstated costs for materials on progress payment requests to generate extra funds for running the company. The official also pleaded guilty to failing to pay withholding taxes to the Internal Revenue Service (IRS). The company pleaded guilty to providing a false statement to the Air Force Suspension and Debarment Review Board when opposing its proposed debarment. The trial, which resulted from a joint AFOSI, DCIS, and IRS investigation, is pending. (AFOSI/DCIS)

Indictments and Convictions

Exhibit 11, pages 3-11 through 3-14, shows

EXHIBIT 10
THEFT/FRAUD INVESTIGATIVE CASE INVENTORY
(For the 6-month Period Ending September 30, 1989)

Investigative Cases			
Closed Cases by Functional Area	Investigative Activity		
	DCIS	Military Services	Total
Pay and Allowance Fraud ^{1/}	10	619	629
Nonappropriated Fund Fraud ^{2/}	0	120	120
Procurement Programs/Systems Fraud	248	317	565
Commissary Fraud	1	23	24
Property Disposal Programs/Systems Fraud	0	7	7
Bribery of Government Officials	17	74	91
Conflict of Interest	15	93	108
Damage, Wrongful Destruction (includes Arson)	1	208	209
Government Theft (over \$1,000) ^{3/}	28	1,714	1,742
CHAMPUS Fraud	7	16	23
Fraudulent Personnel Actions	2	74	76
Other ^{4/}	<u>61</u>	<u>1,156</u>	<u>1,217</u>
Total	390	4,421	4,811

1/ Includes travel/per diem fraud.

2/ Includes military exchange stores and morale/welfare/recreation activities.

3/ Includes larceny, theft, or wrongful appropriation of Government property, funds, or services, whether by forgery, embezzlement, computer fraud, burglary, robbery, or other means.

4/ Forgery, blackmarketing, smuggling, burglary, counterfeiting, dependency assistance, fraud-special inquiries, unauthorized services, and other Government fraud.

some of the major indictments and convictions obtained by DoD criminal investigative organizations from April 1, 1989, through September 30, 1989.

CRIMINAL INVESTIGATIONS POLICY AND OVERSIGHT

The IG, DoD, exercises authority for DoD investigative policy and oversight through the Assistant Inspector General for Criminal

Investigations Policy and Oversight (CIPO).

The office issues investigative policy directives for all DoD criminal investigative organizations (DCIOs). The OAIG-CIPO is the point of contact and coordinator for voluntary disclosures made by Defense contractors. That initiative was undertaken to enhance contractor self-governance by encouraging contractors to report potential civil or criminal fraud directly to the DoD. To date the Department has received 164 disclosures resulting in \$82.9 million being

returned to the Government.

Participation by contractors in the Voluntary Disclosure Program has communicated to their employees that criminal actions will not be condoned or tolerated. The program is an important way to build confidence between the Government and industry. The adoption of this corporate policy demonstrates to the public that the Defense industry can take a strong stand against illegal or improper conduct and set high standards of conduct for Government contractors.

During the period, 30 disclosures were received from 22 Defense contractors. Four corporate officials were prosecuted as a result of investigations arising from corporate disclosures and \$17.9 million was obtained through criminal, civil, and administrative means.

The IG, DoD, designated OIG-CIPO as the DoD focal point for coordinating investigative efforts under the Program Fraud Civil Remedies Act of 1986. CIPO coordinates, reviews, and refers false claim and false statement investigations to reviewing officials for prosecution under the Act. Matters involving allegations of false claims or false statements made on or after October 21, 1986 (the effective date of the statute), which have been declined for action by a Department of Justice element, are eligible for Program Fraud consideration. During the period, CIPO screened 25 closed investigative reports and referred one case to a DoD reviewing official for action under the Act.

Other policy and oversight activities included:

- Completed a review of the criminal investigative procedures used by the Naval Investigative Service in their investigation of the explosion aboard the USS Iowa. The security of case information was evaluated, reports were analyzed, and special agents and supervisors were interviewed. The review concluded that the NIS investigation was thorough, complete and timely. All logical investigative leads were accomplished and appropriate safeguards had been instituted to preserve the security of the investigation.

- Completed a DCIO review to determine compliance with DoD policy that requires

significant criminal incidents be reported to the Secretary of Defense through the IG, DoD). While there was considerable noncompliance prior to initiation of the project, there is significant improvement since its initiation. Greater compliance is expected after the DCIOs implement a series of project report recommendations.

- Completed a review of DoD policy implementation that requires coordination of remedies for fraud and corruption offenses related to procurement activities. The review examined policy implementation by the Military Departments, the Defense Logistics Agency, and two other Defense Agencies. The report concluded that great strides have been made. However, required written remedies plans are not prepared by all components; greater coordination and exchange of information between centralized points of coordination is needed; issuance of implementing regulations takes too long; and increased coordination of actions to be taken in dealing with detected fraud against DoD programs is needed.

- Completed a study of the types of criminal cases investigated by the DCIOs, the staff hours required to complete the investigations, and the actions resulting from the investigations. A draft report was issued and the DCIOs have been asked to comment on identified trends.

- Completed several fraud activity reviews that assessed fraud investigative efforts expended by the DCIOs, and the level of fraud vulnerability awareness by DoD personnel. During the period, CIPO representatives visited facilities in Corpus Christi, TX; Norfolk, VA; Jacksonville, FL; St. Louis, MO; Seattle, WA; and San Francisco, Los Angeles, and Ridgecrest, CA. Recommendations on staffing and focus of effort to ensure adequate coverage for the affected facilities were furnished to the responsible DCIOs.

- Completed a review of military criminal investigative organization support to Defense contractor Plant Representative Offices (PROs). The review included visits covering 24 of the 41 PROs administered by the Military Departments. Regulations, operating instructions, case files, and other pertinent data

were considered in determining the effectiveness of investigative activity at these prime production facilities. A draft report was issued for comment by the military criminal investigative organizations.

- Completed a management and operational review of the IG, DoD, subpoena processing system. Subpoena use in DoD investigations has increased. A corresponding increase in the time required to process requests for subpoenas caused concern. A draft report was issued recommending ways to increase the efficiency and timeliness for processing requests for subpoenas.

- Served as the point of review and coordination for the issuance of IG subpoenas in support of audits and investigations. During the period the IG, DoD, issued 335 subpoenas, of which 35 were subject to the Right to Financial Privacy Act. The IG, DoD, has to date issued 3,059 subpoenas in connection with

audits and investigations.

- Established a process to ensure that referrals of suspected irregularities issued by the DCAA are forwarded to the cognizant DCIOs for consideration and action where warranted. Copies of the DCAA referrals are also sent to other effected DoD components for coordination of remedies action.

- Developed and delivered procurement fraud training for DoD components including the Naval Inspector General, the Naval Sea Systems Command, the Air Force Office of Special Investigations, and the Judge Advocate General. Procurement fraud training was provided to other agencies including the Inspector General of the Tennessee Valley Authority, the Central Intelligence Agency, PCIE projects such as the Inspector General Basic Training Program at the Federal Law Enforcement Training Center, and a special program for Hotline personnel.

Exhibit 11

Examples of Major Indictments, Convictions, or Recoveries Obtained by Department of Defense Criminal Investigative Organizations (for the period April 1, 1989 through September 30, 1989)

Type of Case	Entities/Persons	Sentence/Fine/Recovery/ Settlement	DoD Activity
1. Product Substitution	President, Gardner Aircraft and Tooling	Five years in jail; \$22,204 in restitution.	DCIS/ OSI
2. Product Substitution	Aerodyne Investment Castings, Inc.	Five years' probation; fined \$250,000; paid \$50,000 for investigation costs.	DCIS/ AFOSI
3. Product Substitution	Erie Hardfacing Industries, Inc.; president and owner	Indicted.	DCIS/ NIS
4. Product Substitution	Joseph T. Fewkes & Co., Manager	Company fined \$15,000, \$5,000 investigation costs, and \$107,379 in restitution. Manager - 1 year and 1 day in jail and 3 years' probation.	DCIS
5. Product Substitution	Former Government Sales Rep; Eck Supply	Six months in jail; Eck Supply fined \$11,000, \$82,026 in restitution, and \$7,000 investigation costs.	DCIS
6. Product Substitution	Delta Rocky Mt. Petroleum; President; Technical Director	Company - 3 years' probation. President - 3 years' probation; \$7500 fine. Technical Director - 3 years' probation; \$3,500 fine.	DCIS
7. Product Substitution	Rudolf Damm Bergbanbetriebe	\$861,000 restitution.	CHDC
8. Product Substitution	Rice Aircraft, Inc.; Bruce J. Rice	Company fined \$50,000; individual paid \$500,000 in fines and costs; additional fines and sentencing pending.	AFOSI/ DCIS
9. Product Substitution	Allied Bendix/ Allied Signal, Guidance Systems Division	Paid \$1 million in damages and cost of investigation; \$2.4 million settlement with prime contractor.	AFOSI
10. Product Substitution	Aircom Fasteners, Inc; 6 corporate officers; employees. Yamaguchi-Seisakusho Company, Ltd; five corporate officers; employees	34-count indictment.	DCIS/ NIS

Type of Case	Entities/Persons	Sentence/Fine/Recovery/ Settlement	Dod Activity
11. Product Substitution	Two Arista Devices Corporation officials	Sentenced to 5 years' probation, suspended; paid restitution of \$367,780; debarred for 10 years.	DCIS/ AFOSI
12. Conspiracy/False Claims/Progress Payments	Vice President, United Chem-Con Corp., Former President and Vice President	Vice President - 6 months in jail; fined \$10,000. Former President - 6 years in jail; 5 years' probation; fined \$25,000; assessed \$150,000. Former Vice President - 1 year and 1 day in jail; 5 years' probation; fined \$15,100.	DCIS
13. Bribery	Former Vice President, Modern Advanced Concrete	One year in jail; fined \$25,000.	DCIS/ CID
14. Bribery	George H. Young, Jr., Brigadier General (Ret); Milton Corporation	2 years' probation, 300 hours community service; fined \$1,000.	CIDC
15. Bribery	Poly Tech Industries, Inc; Harold Levine	9 count indictment.	NIS
16. Kickbacks	Owner, J.R. Assoc.	60 days in jail; 4 years' probation; 400 hrs. community service; \$59,000 in restitution.	DCIS
17. Kickbacks	Owner, General Mgr., Contracts Mgr., and Subcontractor - Super K	Owner - 5 years' probation; 3,000 hrs. community service; fined \$260,000; \$750,000 in restitution. General Mgr. - 5 years' probation; 1,000 hrs. community service, fined \$140,000. Contracts Mgr. - 3 years' probation; fined \$25,000. Subcontractor - 5 years' probation; fined \$30,000.	DCIS
18. Civil Settlement	Right Away Foods Corp.	\$650,000 civil agreement.	DCIS
19. False Claims	Northrop Corporation and principals	167-count indictment.	DCIS/ AFOSI/ NIS
20. False Claims	President, C-C Chemical Group	\$35,000 civil judgement.	DCIS

Type of Case	Entities/Persons	Sentence/Fine/Recovery/ Settlement	DoD Activity
21. False Claims	Industrial Tectonics	\$14.3 million settlement.	DCIS
22. False Claims/False Statements	NEOAX, Inc.	\$3.3 million civil settlement.	DCIS
23. False Claims	Former President, Carsonville Metal Products	\$100,000 civil action.	DCIS
24. False Claims	Kraftanlagen Ag (KA)	Fined \$29,000; \$500,000 restitution.	CIDC
25. False Claims	Illinois Tool Works; Walter D. Scott	\$1.8 million dollars in damages.	NIS
26. Progress Payment Fraud	Rimco Industries, Inc.; Edward Gnifkowski; William Richard Stewart	Sentence pending.	AFOSI/ DCIS/ CIDC
27. False Statements/ Conspiracy to Defraud	JE Management; Keith Burns; Bobby Bruce Rankin; Carl Steele	38 count indictment.	AFOSI
28. Antitrust	Dunbar & Sullivan Dredging Company; President	Company fined \$575,000. President fined \$75,000; 3 years' probation; 240 hrs community service.	DCIS
29. Antitrust	American Dredging; President	Company paid a \$1 million criminal fine and \$500,000 civil fine. President fined \$200,000; 90 days in jail.	DCIS
30. Antitrust	President, Damascus Corp.	120 days in jail; 1 year probation; fined \$50,000.	DCIS
31. Antitrust	American White Cross Laboratories; President	\$200,000 criminal and \$50,000 civil fine. President fined \$100,000; 3 years' probation; 200 hrs. of community service.	DCIS
32. Cost Mischarging	Former Manager, Unisys Corp.	3 years probation; \$2,250 fine.	DCIS
33. Cost Mischarging	Manager, Watkins Johnson Company	1,000 hours community service; fined \$10,000.	DCIS

Type of Case	Entities/Persons	Sentence/Fine/Recovery/ Settlement	DoD Activity
34. Conflict of Interest	Retired Air Force Colonel	Fined \$5,000.	DCIS/ OSI
35. Conflict of Interest	Former US Navy Supply Corp Cmdr	3 months in jail; 3 years' probation.	DCIS/ NIS
36. Defective Pricing	Curtiss Wright Flight Systems	\$1,375,000 settlement.	DCIS
37. Defective Pricing	Marcon Industries, Inc; Aubrey and Mary Ann Martin	\$130,000 restitution; dismissal of \$431,000 in claims; sentencing of individuals pending.	AFOSI
38. Operation Illwind	15 individuals and 14 companies	\$1.7 million criminal fines; \$2.1 million civil fines; \$4 million administrative recoveries; \$1 million reimbursements; \$385,000 forfeitures; 143 months incarceration; 240 months probation; and 108 months suspended sentences	NIS
39. Progress Payment Fraud	Triad Manufacturing; President	Company - \$30,375 in restitution. President - 5 years' probation; \$30,375 in restitution.	DCIS
40. OCHAMPUS	Psychologist	12 years in jail; fined \$150,000.	DCIS/ OSI
41. Racketeering	Owner, Cylinger Clinic	10 years in jail; fined \$100,000; \$500,000 in forfeiture.	DCIS

CHAPTER 4

OTHER INVESTIGATIONS

The Assistant Inspector General for Special Programs operates the IG, DoD, Hotline and provides a special inquiry capability.

The nationwide visibility of the Hotline makes it an easy channel for the reporting of waste, fraud, and mismanagement in the DoD. The kinds of wrongdoing reported to the Defense

IG, DoD, HOTLINE

The IG, DoD, continues to encourage DoD employees, military members, DoD contractor employees, and the public to contact the Hotline to report instances of fraud, waste, and mismanagement. Over 700 packages containing DoD Hotline posters and brochures were mailed to DoD agencies, military installations, and DoD contractors involved in single procurement contracts of over \$5 million. The package also contained a letter from the Defense Federal Acquisition Regulation (DFAR) requiring company officials to post the DoD Hotline poster or create their own hotline-type program. The Hotline received over 300 replies from DoD contractors and 30 percent were unaware of the DFAR requirement. Approximately 15,000 DoD Hotline posters were also mailed to the Military Departments and Defense Agencies.

In accordance with DoD Directive 7050.1, E.2.q., "Defense Hotline Program," an onsite verification program was developed to ensure that administrative or judicial corrective measures, recommended by examining officials, are implemented. Investigators will conduct onsite verification of merit cases, determine whether reported corrective actions have taken place, and determine the effectiveness of the reported actions. The program will ensure and enhance the integrity of the DoD Hotline system.

Hotline--as well as to the General Accounting Office, the Military Departments, the Defense Agencies and other DoD Components--include product substitution, contract mischarging, overpricing, misusing Government authority and property, falsifying official documents and records, improper contracting, mismanagement, and waste and abuse.

The Special Inquiries function gives an added dimension to administrative investigative coverage. The investigators, many of whom are subject matter experts, furnish a quick response to allegations on all aspects of DoD operations and management.

The Hotline received 4,423 calls and letters, of which 50 were General Accounting Office referrals. It closed 720 cases, as compared to 801 closed at the end of the last reporting period. Exhibit 12, page 4-2, provides an analysis of the DoD Hotline activity during the period.

Significant Investigative Findings Originating From Hotline Contacts

Mischarging Costs

An investigation was initiated into an allegation that a contractor was mischarging contract costs to the DoD and that a DoD Agency was covering up their findings to the respective Military Department. The contractor had mischarged travel, entertainment, and other miscellaneous expenses to overhead accounts. The Military Department was aware of the questionable costs, but took no action. Criminal prosecution was declined because of vague, conflicting, and overlapping regulatory principles. A negotiated recovery of \$4.1 million was realized from the contractor. (87-1-03212)

Product Substitution

A contractor delivered a used instead of a new blood cell classifying machine which was required under a DoD contract. A new machine is valued at \$128,000. The used machine was purchased by the contractor for \$10,000. The

EXHIBIT 12
DoD HOTLINE PROGRAM ANALYSIS
 (For the Period Ending September 30, 1969)

Program Analysis	Totals
Total Calls and Letters	4,423
Less Request for Information and Wrong Number Calls	<u>2,144</u>
Total, Allegations Received	2,279
 DoD Hotline	 2,220
GAO Hotline	50
Other Sources 1/	<u>9</u>
Total, Allegations Received	2,279
Disposition	
Substantive Allegations:	
Referred to Other Federal Agencies and Departments	15
Referred to DoD Components for Information (no investigation required)	254
Supplemental and Followup Contacts with Hotline Sources 2/	424
Referred to DoD Components for Action (investigation, audit, or inspection)	524
Hotline Source Asked to Contact Cognizant Agency Directly (allegation appears to warrant some action, but not by the IG, DoD)	<u>541</u>
Subtotal (Substantive)	1,758
Nonsubstantive Allegations 3/	<u>521</u>
Total	2,279
Status of Allegations Referred to DoD Audit, Inspection, and Investigative Components	
Closed	720
Open End of Period	782

1/ Consists mainly of letters sent to the DoD Hotline by other Federal agencies.

2/ Reflects calls of an administrative nature inappropriate for Hotline action, and followup calls made to and from the Hotline about ongoing Hotline cases.

3/ Contained insufficient data for action or did not fall into one of the categories under substantive Allegations.

corporation paid a \$20,000 fine and was placed on 5 years' probation. Debarment proceedings were initiated. (88-T-44112)

Mismanagement of Government Funds

A complainant alleged that Aviation Career Incentive Pay was being improperly paid to reserve military personnel. An audit found that there were administrative errors regarding eligibility requirements. Proper administrative procedures were implemented throughout the reserve force. Unauthorized payments of \$96,750 were returned to the Government. (87-T-43546)



M198 howitzer, a light weight, rugged air transportable Marine Corps Reserve field artillery weapon. (DoD photo)

Defective Weapon Parts

An investigation was initiated into an allegation that a contractor was producing defective weapon parts. Product substitution was found on three separate DoD weapon contracts. Two of the products were nonconforming parts, critical in the operation of the M198 Howitzer and the Tow Cobra Missile System. The company owner was fined \$10,200, sentenced to 1 year in jail, placed on 3 years' probation, and ordered to perform 250 hours of community service. The company was fined \$10,800 and paid \$10,500 in restitution. (85-T-02896)

Illegal Disposition of Government Property

A former Government employee, seeking a job as

a consultant with a contractor, released DoD Hotline and Defense Criminal Investigative Service confidential investigative documents to the contractor. The employee pleaded guilty. He was fined \$1,025, sentenced to 2 years' probation, and ordered to perform 500 hours of community service. (84-T-01086; 89-T-45410)

SPECIAL INQUIRIES

IG, DoD

Special Inquiries handles cases referred by congressional or DoD officials which often involve sensitive departmental issues. An analysis of their workload appears in exhibit 13, page 4-4.

During this reporting period, the fifth Investigators Training Course was held. Presentations were made on FOIA, the DoD Hotline, ethics, reprisal, conflict of interest, and investigative planning and interviewing techniques. A pilot writing segment on the organization, analysis, and presentation of information and evidence was introduced, and the revised Special Inquiries Investigative Policies and Procedures manual was distributed.

Significant Cases

Sinking of Surplus Navy Vessels

An investigation found that the Navy guidance was inadequate for salvaging material from merchant-type vessels made available for the "Artificial Reef" and "sink" programs. The Navy was not complying with DoD 4160.21-M, "Defense Utilization and Disposal Manual." Nearly \$40 million was identified in potential waste of Government resources.

The investigators recommended that the Navy:

- Conduct an inventory of the National Defense Reserve Fleet and return equipment to the cognizant stock point or salvage or dispose of it accordingly.

- Change procedures and properly strip vessels.

- Establish a contracting mechanism so the Government can obtain salvage services.

The investigators also recommended that the Army review its procedures for turning vessels over to the Maritime Administration for the National Defense Reserve Fleet.

The recommendations were accepted and implementation has begun.

Questionable Procurement Practices

A (DoI) contractor provided the Navy with defective marine fenders and failed to apply \$65,600 worth of materials to the product. The investigators recommended that the Secretary of the Navy consider litigation against the contractor for the value of the defects, less the materials already received as compensation.

Engine Lathes

A successful contract bidder for engine lathes failed to comply with a solicitation requirement, and a Military Department did not consider the low offeror's recent performance as evidence of its capability to meet the requirement. This could result in excess Government fees of \$1.3 million. The investigators recommended that the Military Department not issue any further orders against the contract, resolicit future requirements for the product, and improve their procurement practices.

Improper Referral Service

A Navy Component maintained a referral service for retired officers which was sanctioned by its General Counsel. Resumes submitted by retired officers were maintained and referred to firms seeking individuals with particular backgrounds.

Investigators questioned the propriety of this activity to the Secretary of the Navy. The Navy further examined the legality and propriety of the service. Prompt action was taken to terminate the service. All resumes on file were destroyed.

Two Forks Dam Project

The Inspector General for the Environmental Protection Agency requested an investigation into the Army Corps of Engineers (COE) participation in developing an environmental impact statement for the proposed Two Forks Dam Project. The complainant alleged improper removal of COE technical personnel, improper influence by applicant attorneys in COE technical decision-making, and substandard work by the COE contractor. The investigation revealed poor contractor performance. Corrective measures, however, had been effected for improvement.

EXHIBIT 13
SUMMARY OF SPECIAL INQUIRIES CASE RESULTS
(For the 6-month Period Ending September 30, 1989)

Case Status	Current Period	Prior Period
Opened During Period	128	92
Closed During Period	121	102
Open End of Period	68	68

CHAPTER 5

INSPECTIONS

This chapter contains inspection information from the Assistant Inspector General for Inspections (AIG-INS) and the inspectors general organizations of the Army, Navy, and Air Force.

The AIG-INS performs organizational and functional inspections that are broad in scope and that seek to identify systemic and management problems. The inspections give the Secretary of Defense, Assistant Secretaries, and Directors of Defense Agencies a balanced look at the effectiveness of an organization or program. The Military Department and Defense Agency inspectors general spend most of their time and resources on the traditional inspection roles of:

- Performing unit and functional-oriented inspections that examine a command or activity in order to evaluate matters affecting mission performance.
- Conducting investigations and inquiries into matters of a noncriminal nature, such as failure to follow regulations, improper command influence, or personal impropriety.
- Mediating between a complainant and the chain of command to resolve minor problems and grievances.
- Conducting specialized reviews, such as aircraft accident investigations.

The activities of the inspection organizations for evaluating program economy, efficiency, and effectiveness and for preventing fraud, waste, and mismanagement are included in this chapter. The traditional military inspectors general roles are not.

Significant Inspections

DoD Merged "M" Accounts

A review of DoD "M" account unliquidated balances was conducted in response to a Department of Treasury request for input to the

Government-wide study by the President's Council on Integrity and Efficiency. The account data was inaccurate because of accounting errors. More emphasis was needed on systemic improvements in "M" account policy, management, and oversight.

The Military Departments emphasize scrubbing current year unliquidated obligation balances, which reduces the balances lapsing into the "M" account. When the DoD accounting systems are brought into full compliance with General Accounting Office standards by 1992, the degree of confidence in financial management data will increase. The review improved the credibility of financial management data and a reduction in unliquidated obligations is expected when DoD actions are implemented. (OAIG-INS)

Automatic Data Processing Acquisition

The House Committee on Government Operations requested a comparative evaluation of the automated data processing acquisition (ADP) structure in the Military Departments. The inspectors determined that:

More effective management oversight of ADP acquisition is needed. The Deputy Secretary of Defense has agreed that intensified management is necessary.

Policies and organization for ADP management vary widely among the DoD components.

A DoD standard methodology to evaluate the operational effectiveness of central selection organizations is unavailable.

There are statutes, regulations, and directives to encourage ADP program scrutiny and organizational effectiveness, but there are few internal management controls to ensure compliance. (OAIG-INS)

DoD Security Policies and Practices

An inspection verifying the implementation of recommendations in the Stilwell Commission Report found that the following areas remain uncorrected:

Funding certain of the Commission's recommendations.

Implementing controls over requirements for initial background investigations and periodic reinvestigations.

Implementing procedures for granting interim clearances for contractor employees.

Improving security awareness programs.

Streamlining and improving techniques for conducting background investigations.

Implementing passive source programs.

Expanding the role of the Defense Security Institute.

Developing requirements for minimal levels of training and certification of security professionals.

Inadequate funding and personnel resources impede full and timely implementation of the recommendations. The reluctance or inability to commit personnel resources to resolve identified problems is a serious weakness in DoD security management efforts.

The inspectors recommended that DoD capitalize on the existing framework and internal control criteria for developing a management improvement agenda for DoD security programs, as part of the DoD Management Improvement Plan. (OAIG-INS)

Defense Logistics Agency Depot Operations

An inspection of three depot operations found the following problem areas:

Receiving:

► The Military Departments are not following established requirements for packaging returned materiel, resulting in damaged goods and increased processing costs.

► The Defense Contract Administration Services representatives are performing inadequate inspections at vendor sites.

Shipping:

► Vendors are improperly packaging shipments in nonstandard containers which hampers timely receipt processing.

► Due to inadequate controls over the disposal of unreliable electronic components

received from vendors, the items could reenter the supply system.

Storage:

► Items are being accepted for storage that do not meet the required specifications because noncalibrated test measurement and diagnostic equipment for product quality assurance audits were used.

► Medical supplies and other sensitive items are improperly stored and protected due to improper coding.

Management has taken action or is in the process of taking actions to correct the deficiencies. (OAIG-INS)

Defense Logistics Agency Supply Center Operations

The inspection of the Defense Industrial Supply Center (DISC) and the Defense Construction Supply Center (DCSC) found problems in:

Requirements:

► The Military Departments' supply support requests for newly assigned national stock numbers (NSN) are not processed in the established 60-day time frame.

► A procedure to validate aged foreign military sales backorders is unavailable.

► The Military Departments are not using the correct demand codes in their requisitions for special program requirements that results in inaccurate demand forecasting.

► Almost \$200,000 a year could be saved if an Army command participated in a proposed NSN item-reduction program.

Acquisitions:

► The DCSC program that investigates suspected instances of counterfeit material and unauthorized product substitution is ineffectively managed.

► A standard system for processing price challenges is required. DISC implementing instructions for programming and funding of industrial preparedness measures are required.

► There are major shortfalls in eleven areas of the precious metals recovery program.

Resources:

► Deficiencies in the Standard Automated Materiel Management System are affecting the accountability of assets and liabilities.

► Weaknesses in the reconciliation process are impairing the accuracy and validity of the financial records.

Management is taking action to correct the deficiencies. (OAI-INS)

Defense Technical Information Center (DTIC)

A joint verification inspection with IG, DoD, Followup staff confirmed a continued decline in data input and use of the research, development, test, and evaluation data bases at DTIC. As a result, unnecessary DoD research duplication, in both contract and in-house, is not adequately controlled. The Inspector General reiterated previous recommendations to correct the situation. (Also see pg. 1-18.) (OAI-INS)

Armed Forces Institute of Pathology (AFIP)

The verification inspection of AFIP found that a need still exists for:

Legislation to establish jurisdictional authority for autopsies performed in the DoD.

The DoD to pursue instituting user fees for non-DoD customers.

Armed Forces hospitals and histopathology centers to submit complete case material to the AFIP.

The Assistant Secretary of Defense (Health Affairs) to become more involved in securing funds to begin construction on needed advanced education facilities.

The AFIP to fully implement the major requirements of the Internal Management Control System Program. (OAI-INS)

Nuclear Management Evaluation

A followup inspection of Nuclear Weapons Support Branches (NWSB) found that installation support to NWSB has improved and the Active Component nuclear-capable units are more proficient.

The ability of most NWSB to maintain training and war reserve projectiles is suspect. The support branches are undermanned and not given adequate tools to perform their mission. The Directed Training Association initiative

between active and reserve component nuclear-capable units is not functioning effectively and the NWSB cannot pick up the training slack.

Recommendations to resolve the problems are being implemented. (Army)

Automation Security

While efforts at one subordinate command have been made to establish an automation security program, it has been a paperwork fix with little or no substance. Automation security personnel have been appointed on orders and accreditation packages have been written. However, the personnel access controls and physical security do not ensure that equipment is accessed by only authorized personnel.

Several units have implemented successful security programs by using a formula of commander emphasis, personnel initiative, and the Command Inspection Program. (Army)

Procurement

Several procurement oriented inspections were conducted by a major command that revealed needed improvement in the following areas:

Small purchase dollar limitations.

Price Negotiation Memoranda documentation.

Administration of utilities contracts.

Conformance of appropriated and nonappropriated fund purchases with contracting policies.

Business Clearance Memoranda documentation.

The physical security and integrity of the procurement process was satisfactory and several positive initiatives were noted, such as: reductions in paperwork for small purchases because of a unique file administration system, training of Contracting Officer Representatives, and decreased problems in administrative and procurement administrative lead time because of a procurement monitoring system.

Corrective actions were initiated for the deficiencies. The positive initiatives are being examined for wider implementation. (Army)

Chemical Biological Warfare (CBW) Defense

The inspection highlighted an improved Army capability to fight under CBW conditions and a heightened awareness of CBW operations throughout the Army. Despite many improvements, some deficiencies exist in the areas of doctrine, training, and materiel. The operating scenarios for units training at the Joint Readiness Training Center do not contain CBW conditions. Doctrine is lacking for the conduct of low intensity conflict and medical operations under CBW conditions. Standards for firing individual and crew-served weapons in protective gear are lacking or are not enforced.

The recognition and integration of CBW as a standard or routine condition on the battlefield must be implemented by all Training and Doctrine Command schools and developmental agencies. Medical and physical standards for emergency essential civilians must be clarified and documented. The priority of fielding essential CBW equipment must be accelerated.

Management agreed with the findings and is implementing the recommendations. (Army)

Army National Guard Pay Systems

An assessment of the pay systems documented many issues requiring improvement, such as leadership, staffing, training, automation, administration, and communications.

Management is taking actions to implement the recommendations. (Army)

Other Army Inspections

In addition to the Army inspections above, the following is a list of other significant inspections completed during the period:

- Followup Inspection on Total Army Safety
- Special Inspection of Army Readiness Reporting Systems
- Special Inspection of Information Systems Management
- Followup Inspection of Accountability, Responsibility, and Control of Supplies in the Direct Support System



A medical exercise in a nuclear-biological-chemical warfare environment. (DoD photo)

• Inspection of Army Commissaries in five Districts/Regions

• Special Inspection on Storage Area Utilization, Accountability, Security, Safety, and Fire Prevention Measures

• Followup Inspection on Contracting

• Inspection of Procurement

• Inspection on the Management of the Audit Resolution and Implementation Process

• Inspection of the Living Conditions in Barracks

Education and Training

An inspection of Chief of Naval Education and Training (CNET) found the following positive results:

Contracts for civilian instructors to teach technical courses were changed to competitive fixed price contracts, resulting in actual and projected savings of over \$53 million for fiscal years 1986 to 1990, with no decrease in instruction quality.

Use of commercial aircraft maintenance contracts resulted in cost savings of over \$61 million from 1985 to 1991.

The contract administration organization was realigned to better monitor the commercial aircraft maintenance contracts for the T-2 and A-4 aircraft.

The inspectors found the following areas of concern:

A training continuum is lacking.

Training hardware life-cycle costs are inadequately addressed in the Navy Training Plan process.

The Military Manpower/Hardware Integration Program does not occur early enough in the weapon system acquisition process.

Overhaul, modification, and updates of the CNET \$3 billion inventory of surface warfare technical training equipment is inadequate.

Training priorities among warfare sponsors varies significantly.

The T-45 program stretch-out of aircraft deliveries must include a delay in delivery of simulators and other training line items. (Navy)

Supply Systems Command

A followup inspection found the following positive results:

The Naval Supply Systems Command Procurement Management Reviews program was the best compliance inspection and enforcement system noted by the Naval Inspector General.

Significant cost reductions were achieved through the Fleet Hospital Program.

The Naval Supply Center Oakland will modernize and improve operations without spending scarce appropriated Navy funds.

The Naval Supply Center Jacksonville has implemented innovative management initiatives.

The inspectors found the following areas of concern:

The stock fund continues to purchase spares that may exceed demand requirements.

Excess fleet returned material is waiting to be processed at the supply centers.

Inventory accuracy rates are problematic.

On-site quality verification of competitively procured parts is not being accomplished.

Development and procurement of computer hardware and programs are ineffective and need additional Navy management oversight. (Navy)

Health Care Provider Credentials

An inspection of eleven medical and dental commands was performed to determine the level of compliance with Navy guidance on the completeness and verification of health care provider credential records. Only four commands had satisfactory procedures in place.

Management took action to ensure that credential files are complete. (Navy)

Fuel Management

An inspection of fuel operations at a Navy supply center revealed the following health and safety issues:

Danger of ruptured waterfront pipelines could lead to an oil spill at a fuel facility located in a flood plain.

Improper use of a truck loading rack for lubricating oil could result in oil spills.

Some fuel line valves in a fuel facility's central pump room were submerged under a foot of water.

Serviceable and damaged fuel hoses were placed in mixed storage creating a potential for use of a damaged hose.

A noncontinuous spill containment berm at one facility could permit leakage in the event of an oil spill.

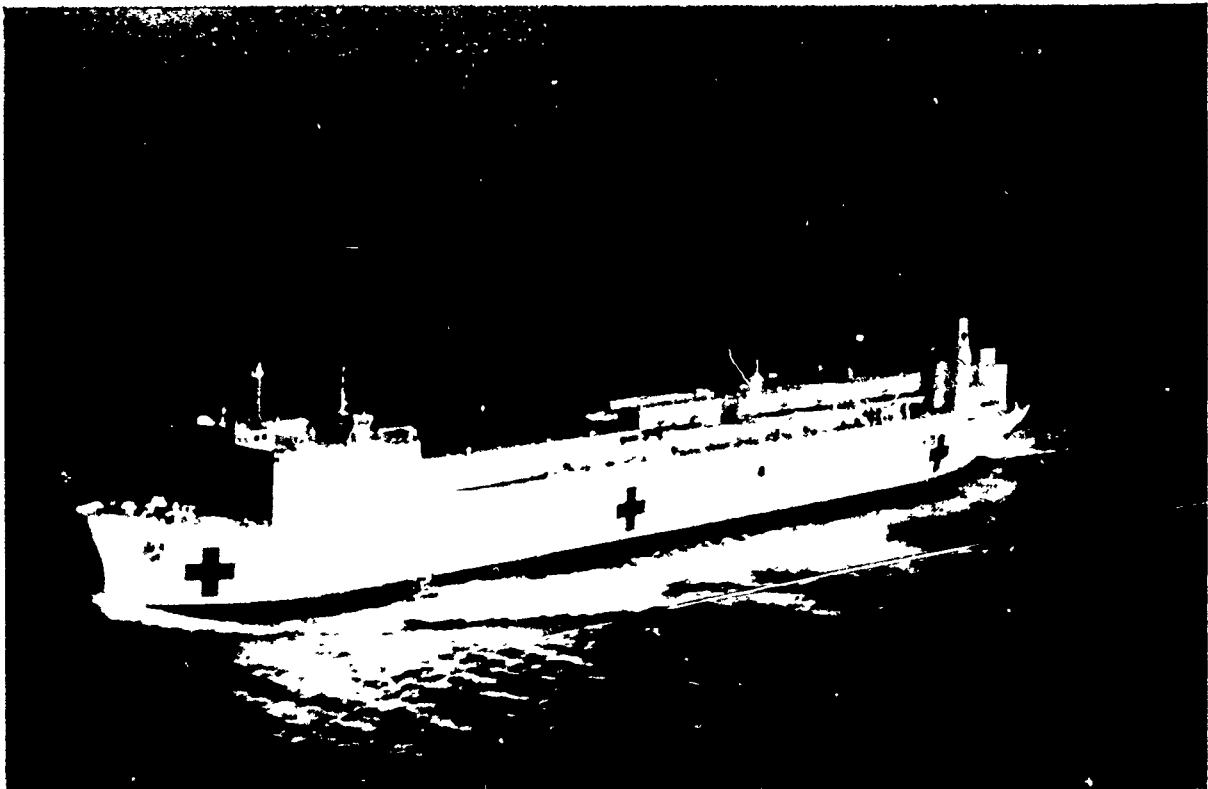
Management is taking action to correct the deficiencies. (Navy)

Hospital Ships

An inspection was conducted of the medical treatment facilities on the USNS MERCY and the USNS COMFORT. The inspection assessed the capability to activate a fully staffed and supplied 1,000-bed medical treatment facility within a five day mobilization. A preventive maintenance system to ensure that over 3,000 pieces of medical equipment on each ship function properly is ineffective. (Navy)

Naval Weapons Station, Yorktown

An inspection determined that the condition of the ammunition and explosive stowage on



The USNS Mercy on a shakedown cruise. (Navy photo)

waterfront barges is unsatisfactory. There is incompatible storage, improper physical storage (loose rounds, broken pallets, open containers), the presence of unknown items, and an incomplete inventory.

Due to the serious conditions, Command took immediate action to correct the problems. A followup safety inspection found that the major deficiencies were corrected. (Navy)

Other Navy Inspections

In addition to the Navy inspections above, the following is a list of other significant inspections completed during the period:

- Area Visit to Naval Base Guantanamo Bay, Cuba

- Area Visit to Naval Station Roosevelt Roads, Puerto Rico

- Commander, Naval Forces Japan

- Commander, Seventh Fleet

- Subsistence Management

Army and Air Force Exchange Service (AAFES)

A diverse team of inspectors from the Army, the Air Force, and the AAFESIG evaluated the effectiveness and efficiency of AAFES relationships with bases and posts, customers, and concessionaires. The inspectors evaluated the level of customer service and satisfaction and determined the level of funds generated for morale, welfare, and recreation. (Air Force)

Acquisition Streamlining

An inspection provided an independent evaluation of progress in acquisition streamlining as a result of:

The June 1986 President's Blue Ribbon Commission which asked for increased stability in weapon system acquisition.

The October 1986 Goldwater-Nichols DoD Reorganization Act which directed reorganization of the Air Force as recommended by the Blue Ribbon Commission.

The December 1986 Secretary of the Air Force approved Acquisition Streamlining Panel Report. (Air Force)

Wartime Spare Parts for Vehicles

Inspectors evaluated supply policies and procedures used to support vehicles during wartime. An assessment was made of acquisition strategy, wartime concept of operations, wholesale spares, capability of materiel control organization, spares and maintenance data collection capacity, and reliability and maintainability programs. (Air Force)

Conventional Munitions Maintenance Program

The Air Force inspectors evaluated Air Force conventional munitions maintenance procedures and programs. The inspection included: adequacy of storage area maintenance; procedures at unit, wing and major command levels; overall management of Air Force munitions maintenance programs; training and inspection philosophy and criteria; and new munitions maintenance proposals. (Air Force)

Direct Airfield Attack Combined Munition

The inspection of this program focused on the requirements process, the acquisition strategy and management structure, the procedures in place to consider operational effectiveness, and the provisions to address logistics and training. (Air Force)

Other Air Force Inspections

In addition to the Air Force inspections above, the following is a list of other significant inspections completed during the period:

- Functional Management Inspection of Separation Indebtedness

- Functional Management Inspection of US Air Force Dog Program

- Functional Management Inspection of Base-Level and MAJCOM Management of the Nonappropriated Fund (NAF) Workers' Compensation Program

•Functional Management Inspection of Air
Force Chaplain Service Worship Programs

•Functional Management Inspection of
Simplified Acquisition of Base Engineering
Requirements (SABER)

•System Acquisition Management
Inspection (SAMI) of Physical Security Systems

•Functional Management Inspection of
Delegation of Procurement Authority for
Automated Data Processing Equipment

CHAPTER 6

PREVENTION, LEGISLATION, AND OTHER SPECIAL ACTIVITIES

PREVENTION

In addition to detecting problems in the Department's operations, the IG, DoD, provides leadership to strengthen internal controls, to prevent fraud, waste, and mismanagement and to promote economy and efficiency. The IG, DoD, also responds to legislatively mandated requirements.

Contractor Risk Assessment Guide Program

The Contractor Risk Assessment Guide (CRAG) Program was officially instituted in November 1988.

The CRAG focuses on improving the quality of contractor internal controls and DoD oversight in five high risk areas. Its approach entails identifying mutually acceptable objectives and the means of implementing appropriate quality control systems in any area of consideration.

The DoD has included the CRAG as a Defense Management Report objective. The CRAG has also been the focus of the Defense Advisory Panel on Government and Industry Relations. The DoD, through the CRAG Steering Group, will monitor and evaluate the implementation of the CRAG at the local plant level.

Army Crime Prevention

The Army Criminal Investigation Command initiated a command-wide operation in U.S. Forces Korea (USFK) to review telephone bill discrepancies submitted by the Korean Telecommunications Authority (KTA) to the USFK. Unauthorized telephone calls in excess of \$1 million during a six-month period were made by USFK personnel. Due to a flaw in the KTA computer switching software, USFK personnel used military telephones to access the KTA long distance dialing mode. USFK personnel also accepted unauthorized collect calls on military telephones and used KTA leased telephones to make personal calls.

The review and a related crime prevention survey found numerous crime conducive conditions, such as a lack of USFK units' internal management controls to verify calls, failure to follow regulations on long distance telephone control logs, and verification of calls by telephone control officers.

Recommendations placing stricter controls over military telephones were implemented.

The USFK monthly telephone bill was reduced about \$125,000 and over \$750,000 in unauthorized calls is being collected.

Ethics Training

The IG, DoD, has been active in providing ethics training since 1982. We have published and provided training materials, and conducted fraud awareness briefings. The January 1989 publication, "Defense Ethics: A Standards of Conduct Guide for DoD Employees," has been distributed to over 50,000 DoD employees. Other recent initiatives include:

- Monthly ethics briefings, coordinated with Washington Headquarters Services, that familiarize OSD employees with the rules and standards of conduct they are expected to follow.

- Development, in coordination with the American Forces Information Service, of a video on professional ethics for use by middle and senior level DoD managers. The video will be used in classroom training and at Standards of

Conduct briefings. When complete, the video will be made available to all DoD components.

The Defense Management Review directed that the Under Secretary of Defense for Acquisition establish and chair a DoD Ethics Council that includes the Secretaries of the Military Departments as members and the DoD General Counsel and Inspector General as advisors. The OIG will continue to be active in prevention programs and will meld our initiatives with those of the Council.

LEGISLATION

MATTERS FOR CONGRESSIONAL CONSIDERATION

The Inspector General, DoD, urges the Congress to grant additional authority and tools to enable even more effective operations, as follows:

Testimonial subpoena authority for statutory IGs. The subpoena authority presently prescribed by section 6(a)(4) of the Inspector General Act is an essential, effective investigative tool, but it pertains only to records, papers, and other documentary evidence. If a witness or person having relevant knowledge declines to be interviewed, the OIG has to resort to grand jury subpoenas. That method is untimely and information obtained through the grand jury process generally cannot be used for administrative purposes except through rare court approved, exceptions--a serious limitation.

Arrest authority. Criminal investigators are called upon to work in perilous situations, such as undercover operations where suspects are armed. The OIG lacks the fundamental law enforcement tool of arrest authority.

Policy direction and oversight authority for the IG, DoD, over the inspection functions of the Military Departments and Defense Agencies that are directly concerned with fraud, waste, and abuse. The IG Act, as amended, gives the IG, DoD, such authority over DoD audit and investigative organizations, but not over the inspection community. There is a definite need for DoD component heads and commanders to have control over inspection functions directly related to military readiness and operational matters.

The OIG should have a better means of coordinating those inspection activities which are concerned with program efficiency and which can overlap DoD audit efforts.

Prescribed tenure for all statutory IGs. A fixed term would remove any perception that the objectivity or effectiveness of an IG could be impaired by the uncertainties attending changes in administrations or agency leadership.

We commented or testified on the following legislative matters:

DoD Acquisition Policies and Management

The Deputy Inspector General testified before the Senate Armed Services Subcommittee on Industry and Technology. He pointed out that:

The Voluntary Disclosure Program, since its inception in 1986, has resulted in significant disclosures and recoveries.

The CRAG Program strongly and explicitly encourages openness by the Government and contractors to improve mutual understanding of adequate internal controls, and the rationale for contractor and Government audit plans.

Other topics raised as requiring more management emphasis were: consultant services, use of consultants by contractors, contractor oversight, suspension and debarment of subcontractors, work measurement, estimating systems, tax information returns, compliance with weapon system decisionmaking procedures, component breakout, source selection process, negotiation process, commercial products and nondevelopmental items, Truth in Negotiations Act enforcement, and the acquisition regulatory process.

DoD Audit Reorganization

The IG, DoD, testifying before the House Armed Services Subcommittee on Investigations discussed two House Resolutions.

On H. R. 2361 she pointed out that:

The DoD oversight structure set up by the Congress when the position of IG, DoD, was established has functioned well.

A term appointment and testimonial subpoena authority are desirable for the statutory IGs

The IG, DoD, relationship with DCAA is excellent. There is no compelling need to change the existing organizational relationship, although some efficiencies in training and management would result and DCAA would gain undisputed access to records through use of the IG subpoena authority.

Extending IG, DoD, policy direction and oversight authority over Military Department and Defense Agency inspection activities would be beneficial. The Services should retain control of operational readiness inspections and certain special missions performed by the military IGs.

On H.R. 2362 she pointed out that:

Rather than create a statutory position (termed Auditor General) in each of the Military Departments to supervise audit, fraud, investigation, and inspection activities, it would be more advantageous to create an appointed Assistant Secretary or other senior official in each Military Department Secretariat with the single mission of managing and coordinating the audit, inspection, investigation, and internal review assets of that Department.

Greater budget visibility for each Military Department's audit, inspection, and investigative functions would be useful to the Secretary of Defense and the Congress.

Contractor Whistleblowers

The Assistant Inspector General for Special Programs testified on H.R. 2579, which provides additional protection for defense contractor employees who make disclosures to Government officials. He supported the objectives of the Bill, but discussed reservations with specific provisions of the Bill. For example:

Provisions should be added to specify that costs associated with statutory remedies for a complainant who is the victim of an act of prohibited reprisal are improper direct or indirect charges to Government contracts.

Provisions should be included to provide for reimbursement to the DoD for the cost of conducting investigations in instances where there is a finding of reprisal, and to impose civil penalties in appropriate cases.

Other concerns discussed include the authority to reject frivolous complaints, the need to channel disclosures to people with contract responsibility, the need to focus attention on firms with DoD contracts in excess of \$5 million, and the extension of the proposed 30-day time limit for DoD to complete an investigation on a reprisal charge.

Inspector General Act Implementation

The Inspector General testified before the Senate Committee on Government Affairs on the progress in implementing the 1988 amendments to the IG Act and on DoD management challenges for the future. The successes include:

The Defense Criminal Investigative Service efforts which led to nearly 1,500 indictments, over 1,100 convictions, and monetary recoveries of \$685.5 million.

Audit, inspection, and other oversight reports which led to potential savings and cost avoidance of \$9.5 billion.

Improved coordination and cooperation between the DoD and Military Department audit, inspection, and investigation organizations.

Leadership provided in vital areas such as audit followup, Hotline operations, ethics training, fraud awareness, and improvement of contractor internal controls.

Areas discussed in relation to DoD management challenges included: defense acquisition regulations; procedures and practices; compliance with established policies for weapon system acquisition decisions; contracted advisory and assistance services; contractor oversight; hazardous material and waste management; financial management of security assistance programs; quality assurance and

protection against nonconforming, substandard, and substitute products; supply inventory management; inventory and physical security; and the management of government-furnished property in the hands of contractors.

Conflict of Interest Restrictions

Current ethics laws need changes to clarify intent and protect DoD interests. We support the President's reform proposals.

DoD Acquisition Reorganization Act of 1989

We recommend that recent statutory changes and the Defense Management Report initiatives be given time to work. Additional study and discussion need to take place before the DoD or the Congress can make informed decisions on further changes to the present system. Any fundamental change in lines of authority or other aspect of the DoD acquisition structure must address the problems of undue pressure on contracting personnel by program managers (not auditors) and duplicative oversight of contractors.

OTHER SPECIAL ACTIVITIES

The President's Council on Integrity and Efficiency (PCIE)

The IG, DoD, and presidentially appointed Inspectors General of the 23 Federal establishments are members of the PCIE, originally created by executive order in 1981.

The Inspector General had a leading role in the PCIE as Chair of the Audit Committee, which addresses multiagency issues on accounting and auditing standards, non-Federal audit quality, the single audit concept, and undertakes projects

on Government-wide oversight and policy issues on the integrity, economy, and effectiveness of Federal programs and operations. She was a member of the Administration, Inspections and Special Projects Committee and participated in the activities of several subcommittees.

As Chair of the Audit Committee, the Inspector General developed, with the concurrence of congressional committees and the General Accounting Office, PCIE policy implementing external quality control reviews of inspector general offices, as required by the 1988 revision to the Government Auditing Standards and the Inspector General Act Amendments of 1988. The Audit Committee Standards Subcommittee started preparation of an audit guide for use by external reviewers.

In response to concerns expressed by representatives of independent public accounting (IPA) firms at a Standards Subcommittee Roundtable, the Inspector General developed a PCIE Audit Committee policy statement on the use of clauses that require IPAs to obtain security clearances and undergo background checks in order to perform audit work under Government contracts.

Work continued on the three-phase Government-wide project on contracted advisory and assistance services. The Inspector General, DoD, has the lead on this project, which was initiated in response to congressional interest and at the request of the Deputy Director of the Office of Management and Budget. The first phase was completed in the last reporting period. The second phase, an evaluation of agencies' progress in establishing effective control over contracted services, is almost complete. The third phase, a comprehensive report, is being prepared. ■

CHAPTER 7

FUTURE AREAS OF EMPHASIS

DEFENSE MANAGEMENT REPORT (DMR) INITIATIVES

A primary objective of the IG, DoD, is to assist in implementing the DMR to the President. Our initiatives to support the implementation of that effort include:

- ▶ Participating in the DoD Ethics Council.
- ▶ Focusing on areas of DMR concern with numerous audits, inspections, and other reviews. For example, impediments to buying commercial products will be reviewed
- ▶ Participating on DoD working groups to eliminate duplicative oversight of contractors.
- ▶ Leading the Contractor Risk Assessment Guide Steering Group.
- ▶ Coordinating the Voluntary Disclosure Program.
- ▶ Participating on DoD task forces on simplification of regulations and reassessment of special advocacy programs.

MANAGEMENT BY OBJECTIVES

By memorandum of July 26, 1989, the President established objectives for departments and agencies in implementing the administration's Management by Objectives (MBO) program.

The IG, DoD, is fully committed to the

implementation of the MBO objectives established by the President for the Department of Defense. They are:

- ▶ Allocate scarce Defense and security assistance dollars to the most urgent national security requirements.
- ▶ Support the implementation of the DMR.
- ▶ Improve Defense medical services and readiness in peacetime and across the full spectrum of conflict.
- ▶ Strengthen the Defense technology base through identifying and supporting basic and applied research and technology programs of greatest promise for long-term Defense capabilities, and improving the quality, productivity, and efficiency of DoD laboratories.

OTHER AREAS NEEDING CONTINUED DoD MANAGEMENT AND IG EMPHASIS

The IG, DoD, has identified numerous concerns and opportunities for improving the following areas, which should continue to receive priority.

- ▶ Audit followup. See Chapters 1 and 2. Employing audit as a key management tool and conducting effective followup are also Government-wide Management by Objectives goals.

► Internal management controls. This is also an area receiving Government-wide emphasis. The IG, DoD, contributes to the DoD effort to maintain effective internal controls by:

- Assessing internal controls during audits and inspections.

- Identifying material control weaknesses to DoD managers.

- Reviewing and commenting on DoD reports made under the Federal Managers' Financial Integrity Act.

► Hazardous material and waste management.

► Contracted advisory and assistance services.

► Acquisition practices, including enforcement of the Truth in Negotiation Act and weapon system component breakout for competition.

► Pricing and accounting for Foreign Military Sales.

► Nonconforming products and quality deficiencies.

► Supply management, including requirements determination, security, and accounting for inventory and disposal.

► Controlling Government-furnished property in contractor plants.

► Operational test and evaluation.

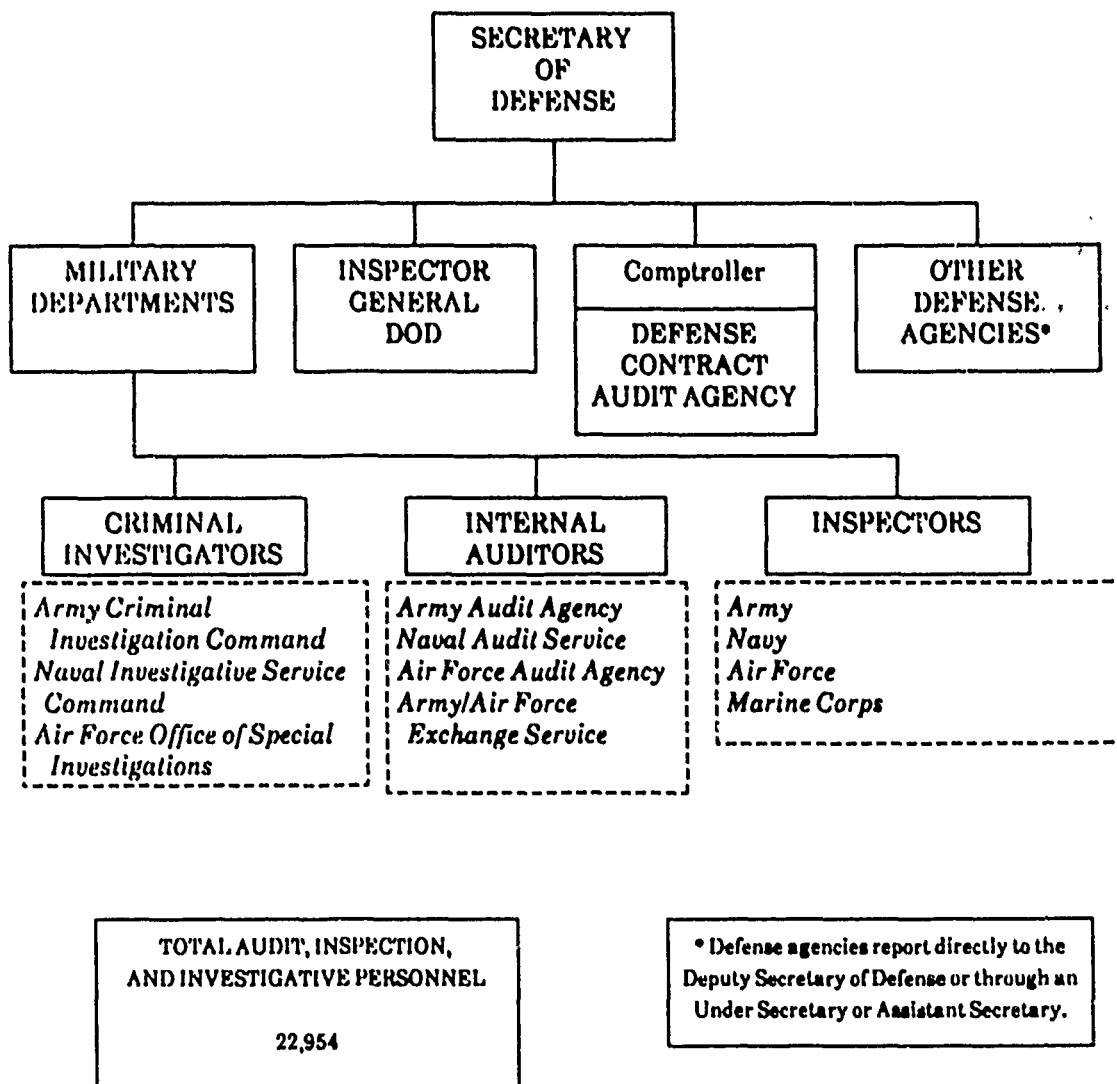
► Information resources management

► Criminal activity, such as cost mischarging, defective pricing, kickbacks, bribery, product substitution, and bid rigging.

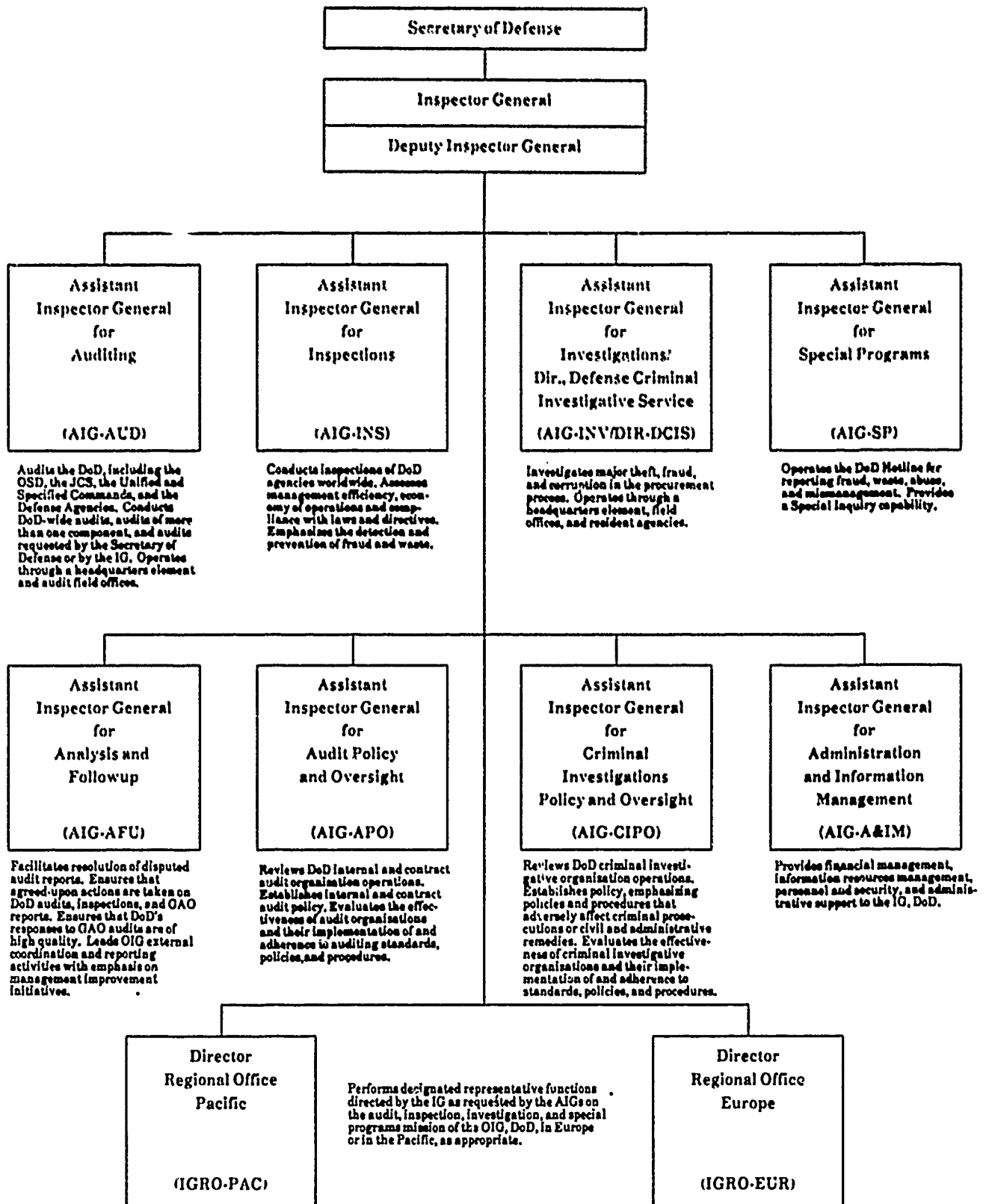
The IG, DoD, is carrying out audits, inspections, investigations, or other activities in all of the aforementioned areas in coordination with the GAO and the DoD oversight organizations ■

APPENDIX A

DoD Audit, Inspection, and Investigative Organizations



ORGANIZATION AND FUNCTIONS OF THE IG, DoD



**PERSONNEL ON BOARD
AUDIT, INSPECTION AND INVESTIGATIVE ACTIVITIES**
(For the 6-month Period Ending September 30, 1989)

Organization	Personnel on Board ¹				
	Auditors ²	Investigators	Inspectors	Other ³	Total
Army	2,140	1,120	1,531	1,616	6,407
Navy/Marines	572 ⁴	1,445	191	624	2,832
Air Force	808	1,685	1,238	1,103	4,834
Defense Agencies	123	0	36	24	183
Contract Audit	6,170	0	0	1,009	7,179
Military Exchange	84	0	5	11	100
IG, DoD	537	469	161	252	1,419
Total Personnel on Board	10,434	4,719	3,162	4,639	22,954

¹ There is a common misperception that all of the personnel shown in the table oversee the acquisition process. In fact, only the DCAA and the DCIS portion of the OIG, DoD, predominantly address contractor activities. Most of the personnel working for the other organizations are concerned with internal DoD oversight matters.

² Includes Internal Review.

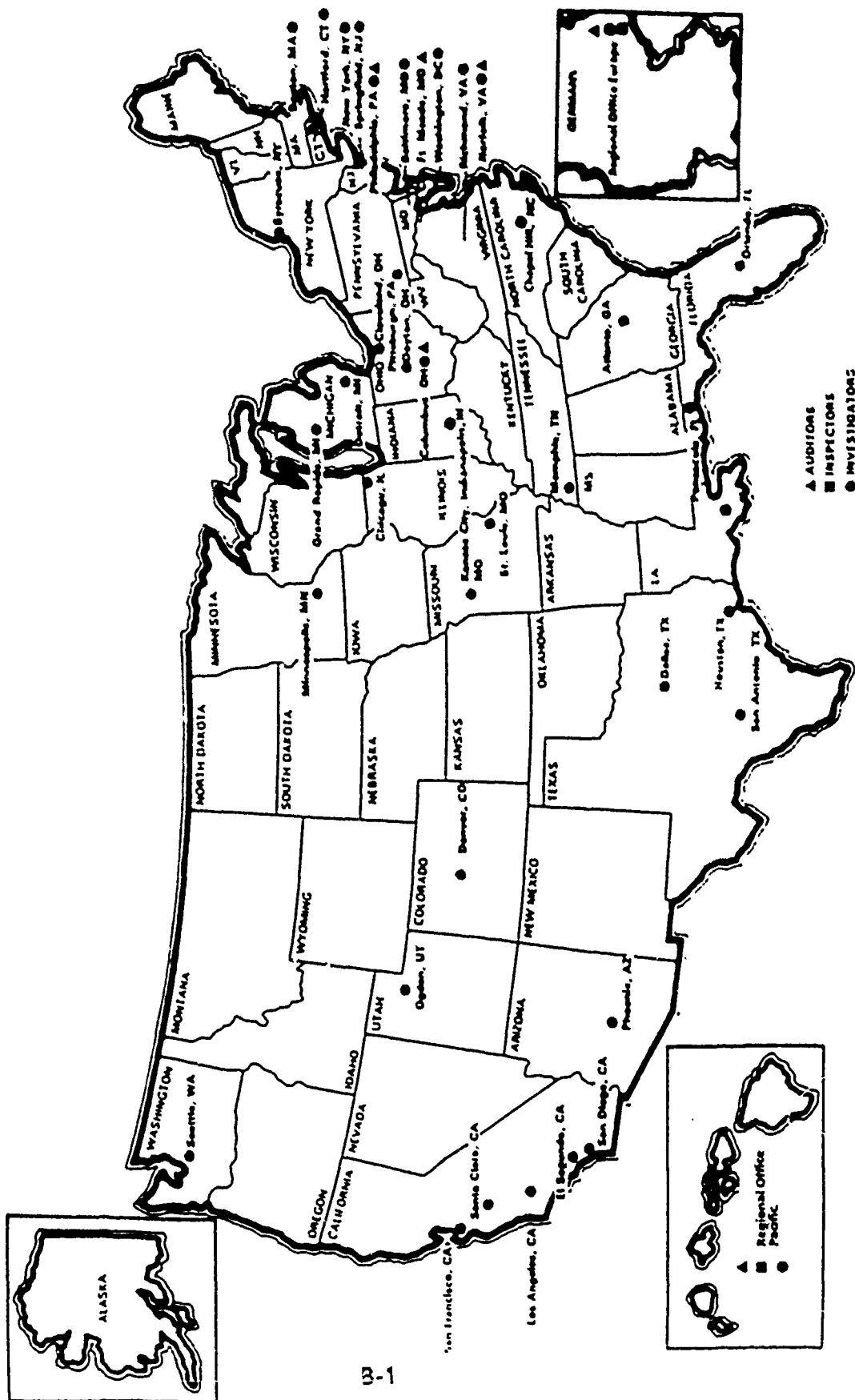
³ Includes management, technical, administrative and support, policy and oversight, followup, non criminal investigative, DoD Hotline, and liaison personnel.

⁴ Includes nonappropriated fund Marine Corps personnel.

**OPERATING COSTS
AUDIT, INSPECTION AND INVESTIGATIVE ACTIVITIES**
(For the 6-month Period Ending September 30, 1989)

Function	Operating Costs (\$ in millions)				
	Civilian	Military	Travel	Other	Total
Audit					
Internal Audit	\$60.0	\$8.5	\$6.6	\$3.4	\$78.8
Internal Review	32.1	2.0	1.3	1.2	36.6
Military Exchange Audit	2.1	.1	.6	0.0	2.8
Contract Audit	142.6	0.0	8.7	19.8	171.1
Total	\$236.8	\$10.9	\$17.2	\$24.4	\$289.3
Inspection	\$15.8	\$83.8	\$10.4	\$4.3	\$114.3
Investigation	\$72.6	\$52.1	\$9.1	\$19.6	\$153.4
Total Operating Costs	\$325.2	\$146.8	\$36.7	\$48.3	\$557.0

IG, DoD, FIELD ACTIVITIES



APPENDIX C

Legislative Reporting Requirements

Public Law	Reporting Requirement	Semiannual Report
Sec. 5(a)(1) P.L. 95-452 as amended	A Description of Significant Problems, Abuses, and Deficiencies Disclosed During the Reporting Period	Chapters 1, 2, 3, 5
Sec. 5(a)(2) P.L. 95-452 as amended	A Description of Recommendations for Corrective Action Made with Respect to Such Significant Problems, Abuses, or Deficiencies	Chapter 1
Sec. 8(f)(1) P.L. 95-452 as amended	Numbers and Types of Contract Audits	Chapter 2
Sec. 5(a)(4) P.L. 95-452 as amended	A Summary of Matters Referred for Prosecution and the Results of Such Prosecutions	Chapter 3
Sec. 4(a)(2) P.L. 95-452 as amended	Review of Legislation and Directives	Chapter 6
Sec. 5(a)(6) P.L. 95-452 as amended	A Listing Subdivided According to Subject Matter of Each Audit Report Issued by the Office During the Reporting Period and where Applicable the Total Dollar Value of Questioned Costs and the Dollar Value of Recommendations that Funds be Put to Better Use	Appendix E Appendix F
Sec. 5(a)(7) P.L. 95-452 as amended	A Summary of Each Particularly Significant Report	Chapter 1
Sec. 5(a)(8)(9) P.L. 95-452 as amended	Statistical Tables by Status Showing the Total Number of Audit Reports Issued, the Total Dollar Value of Associated Questioned Costs, the Dollar Value of Recommendations that Funds be Put to Better Use, and the Report Decision Status	Chapter 1
Sec. 5(b)(2)(3)(4) P.L. 95-452 as amended	Statistical Tables Showing the Status of Management Corrective Action on Agreed-upon Audit Recommendations	Chapter 1

Sec. 5(a)(10)(11)(12)
P.L. 95-452
as amended

**Summary of Overage Undecided Audits,
Significant Revised Management Decisions,
and Significant Management Decisions with
which the Inspector General is in Disagreement**

Chapter I

Sec. 5(a)(5)
P.L. 95-452
as amended

**A Summary of Each Report Made to the
Secretary of Defense by the Inspector General
of Instances when Information or Assistance was
Unreasonably Refused or Not Provided**
*(During the reporting period, the IG, DoD, has not been
unreasonably refused or denied access to information.)*

APPENDIX D

IG, DoD, Publications

Congressional

Semiannual Report to the Congress

Auditing

Guide for External Quality Assurance Reviews of Internal Audit Organizations, September 1985

Compendium of Advanced Audit Techniques, August 1985

Internal Audit Manual, DoD 7600.7-M, June 1986, with Changes 1, 2, 3

Internal Audit Process, IG-DoD 7600.1-P, May 1987

Directory of Internal Audit Programs, IG-DoD 7000.1-D, July 1987

Federal Acquisition Regulations Which Encourage Timely Contractor Negotiations Pursuant to Audit Report Recommendations, March 1987

Compendium of Training Courses and Materials Available in the Federal Audit Community, 1988

Fraud

Fraud Awareness Letters

Handbook on Fraud Indicators: Material, July 1986

Handbook on Scenarios of Potential Defective Pricing Fraud, IG 7600.1-II, December 1986

Antitrust Enforcement in DoD Procurement, IG 5505.1-II, January 1987

DoD Hotline Pamphlet, 1987

Criminal Defective Pricing and the Truth in Negotiations Act, IGDPH 4200.50, March 1988

Voluntary Disclosure Program: A Description of the Process, IGDPH 5505.50, September 1988

Ethics

Acquisition Alerts for Program Managers, IG-DoD 4245.1-II, June 1988

Defense Ethics: A Standards of Conduct Guide for DoD Employees, IGDG 5500.8, January 1989

APPENDIX E

Audit Reports

This listing includes audit reports issued by the Department of Defense central audit organizations -- Assistant Inspector General for Auditing, Army Audit Agency, Naval Audit Service, Air Force Audit Agency -- but does not include internal review reports, commanders' audit program reports, military exchange audit reports, or reports prepared by contract audit activities.

ASSISTANT INSPECTOR GENERAL FOR AUDITING, DoD

89-064 Bayley Seton Hospital
Uniformed Services Treatment
Facility (4/4/89)

89-065 Nonconforming
Products in the Defense Supply
System at Warner Robins Air
Logistics Center (4/10/89)

89-066 White Engines, Inc.,
Catalog Priced Contracts
(4/6/89)

89-067 Review of the C 17
Cargo Aircraft Program as a
Part of the Audit of the
Effectiveness of the Defense
Acquisition Board Process
(4/6/89) CLASSIFIED

89-068 Management of
Software for Mission-Critical
Computer Resources (4/18/89)

89-069 Secure Terminal Unit-
III Program at the National
Security Agency (4/20/89)
CLASSIFIED

89-070 Waivers and
Deviations from Federal
Acquisition Regulation
Required Actions (4/20/89)

89-071 Data Integrity in
Contract Tracking Systems
(4/20/89)

89-072 Procurement of the
Fuel Control System for the T-
700 Engine (5/5/89)

89-073 Review of Naval
Military Personnel Command
(NMPC) Planned Procurement
of Automated Data Processing
Equipment (5/9/89)

89-074 Pricing and Billing of
the F-16 Aircraft for the
European Participating
Governments (5/11/89)

89-075 Quick Reaction Report
on Operational Testing for the
Single Channel Ground and
Airborne Radio System
(SINCGARS) (5/18/89)

89-076 Commercial Pricing
Certification (5/31/89)

89-077 Acquisition of the V-22
Joint Services Advanced
Vertical Lift Aircraft
(OSPREY) (6/14/89)

89-078 Nuclear Weapons
Stockpile Management
(6/21/89) CLASSIFIED

89-079 Nonappropriated
Fund Investment Practices
(6/21/89)

89-080 Real Property Leased
by the Department of Defense
(6/23/89)

89-081 Followup Audit of
Outside Employment by
Department of Defense Doctors
(6/26/89)

89-082 M1/M1A1 Battle Tank
Welding Quality Assurance
(6/27/89)

89-083 Introduction and
Phaseout of Clothing Items
(6/28/89)

89-084 Status of Consulting
Services (6/28/89)

89-085 Maintenance Support
to General Purpose Computers
in the Department of Defense
(6/30/89)

89-086 Quick Reaction Report
on Solicitation N68520-89-PR
50244 for T-34/44 Aircraft
Maintenance Services
(6/30/89)

89-087 Contractor Rental of
Government Real Property
and Payment of Nonrecurring
Costs (6/30/89)

89-088 Training and Training
Support for the Harpoon
Weapon System (6/30/89)

89-089 Quick Reaction Report
on the Audit of a Range
Support Contract for an Army
Special Access Program
(6/27/89) CLASSIFIED

89-090 Field Pricing Support
and Post Award Audits of
Contracts with Foreign
Companies (7/6/89)

89-091 Quick Reaction Report
on the Audit of the
Procurement of the CATIES
(7/11/89)

89-092 Audit of Rocket Motor
Test Facilities (7/10/89)

89-093 Procurement of the Local Area Network for Air Force Space Systems Division (7/20/89)

89-094 Bulk Petroleum Storage Operations (8/17/89)

89-095 Impact of Changes in Contractor Ownership on Costs Charged to DoI Contracts (7/26/89)

89-096 Quick Reaction Report on the Release of Fiscal Year 1989 Funding for the T-45A Trainer Aircraft (7/31/89)

89-097 Internal Controls at the Office of the Civilian Health and Medical Program of the Uniformed Services (8/14/89)

89-098 Year-End Spending Practices and Procedures (8/14/89)

89-099 Royal Saudi Foreign Military Sales Case SR-P-GAS (8/18/89)

89-100 Foreign Military Sales Case SR-E-11AQ (8/18/89)

89-101 Acquisition of the Exoatmospheric Reentry-Vehicle Interceptor Subsystem (8/18/89) CLASSIFIED

89-102 CII-471) Remanufacture Contracts with Boeing Helicopters (8/22/89)

89-103 Acquisition of Patriot Missile System (8/28/89)

89-104 Acquisition of the MK-50 Torpedo Program (8/29/89) CLASSIFIED

89-105 Contractor Qualification Process for Blade Bushings for the C-130 Aircraft (9/7/89)

89-106 Quality of Service and Inspection Procedures for Domestic and International Shipment of Household Goods (9/7/89)

89-107 DoD Industrial Modernization Incentives Program (9/8/89)

89-108 Component Breakout of the Harpoon Weapon System (9/14/89)

89-109 Model Installation Program Waiver Process (9/15/89)

89-110 Navy Use of Cost Realism Analysis (9/15/89)

89-111 Defense Logistics Agency Management of Hazardous Waste Disposal Contracts (9/15/89)

89-112 Model Installation Program Procedures Used to Justify Local Purchase of Centrally Procured Items (9/20/89)

89-113 DoD Dependents Schools Student Transportation (9/21/89)

89-114 Control Over Spares for New Weapon Systems (9/22/89)

89-115 DoD Materiel Returns Program (9/22/89)

89-116 Special Access Programs at the Defense Nuclear Agency (9/26/89)

89-117 Club Operations at Ramstein Air Base, Federal Republic of Germany (9/27/89)

89-118 Mobilization Screening of Reservists Who are also DoD Civilian Employees (9/27/89)

89-119 Acquisition of the Low Altitude Navigation and Targeting Infrared System for Night (LAN'TIRN) (9/28/89)

ARMY AUDIT AGENCY

Formal Reports

EU 89-310 Automation Security, 5th Signal Command, Worms, Germany (4/4/89)

NE 89-008 Eye Armor Program, Office of the Project Manager, Clothing and Individual Equipment, Woodbridge, VA (4/4/89)

EU 89-007 Pharmacy Operations, Frankfurt Army Regional Medical Center, Frankfurt, Germany (4/6/89)

SW 89-009 Accounting for Lost and Damaged Property, III Corps and Fort Hood, Fort Hood TX (4/10/89)

HQ 89-204 Management of the Joint Tactical Fusion Program, Management Office, McLean, VA (4/11/89)

EC 89-300 Ohio Army National Guard, Worthington, OH (4/12/89)

EU-89-306 Theater Reserves-1, U.S. Army, Europe and Seventh Army (4/12/89)

SO 89-011 Acquisition and Contract Administration, U.S. Army Corps of Engineers, Waterways Experiment Station, Vicksburg, (4/13/89)

EC 89-006 Acquisition and Contract Administration, U.S. Army Transportation Center and Fort Eustis, Fort Eustis, VA (4/14/89)

SW 89-013 Petroleum Operations, III Corps and Fort Hood, Fort Hood, TX (4/17/89)

EC 89-802 Cash Management for the Morale, Welfare and Recreation Program, First U.S. Army and Fort George G. Meade, Fort George G. Meade, MD (4/18/89)

SO 89-702 Selected Contracts for Engineering Services and Materials, U.S. Army Training Center and Fort Jackson, Fort Jackson, SC (4/18/89)

EU-89-006 Pharmacy Operations, Landstuhl Army Regional Medical Center, Landstuhl, Germany (4/19/89)

SW 89-207 Leased Communications, III Corps and Fort Hood, Fort Hood, TX (4/24/89)

EC 89-007 U.S. Army Medical Department Activity, Fort Belvoir, VA (4/24/89)

NE 89-801 Construction of Morale, Welfare and Recreation Facilities, U.S. Army Communications-Electronics Command, Fort Monmouth, NJ (4/25/89)

NE 89-007 Selected Reserve Incentive Program (4/26/89)

NE 89-207 Tempest Protection Program, U.S. Army Communications-Electronics Command, Fort Monmouth, NJ (4/26/89)

NE 89-205 Recoupment of Army Industrial Fund Equipment Costs, U.S. Army Depot System Command, Chambersburg, PA (4/28/89)

HQ 89-001 Contracted

Advisory and Assistance Services, Study Program Management Agency (4/28/89)

NE 89-009 Housing Allowances, New York National Guard, Latham, NY (4/28/89)

WE 89-205 Acquisition Use and Control of Commercial Software, Fort Huachuca, AZ (4/28/89)

HQ 89-208 Marketing the Morale, Welfare, and Recreation Program, U.S. Army Community and Family Support Center (5/1/89)

MW 89-704 Audit of the Renovation Contract for Building 77, U.S. Army Armor Center and Fort Knox, Fort Knox, KY (5/1/89)

SW 89-014 Fund Controls, 4th Infantry Division (Mechanized) and Fort Carson, Fort Carson, CO (5/1/89)

EU 89-309 Commercial Automation Software, U.S. Army, Europe and Seventh Army (5/1/89)

WE 89-401 Review of the Army's Internal Control Program (Fiscal Year 1988), Madigan Army Medical Center, Tacoma, WA (5/2/89)

SO 89-014 Audit of Subsistence Management, U.S. Army Corps of Engineers, Lower Mississippi Valley Division, Vicksburg, MS (5/2/89)

EU 89-700 Armed Forces Recreation Center, Europe, Garmisch-Partenkirchen, Germany (5/3/89)

NE 89-010 Microcomputer Use, Fort Monmouth, NJ (5/3/89)

SW 89-707 Exercise Fuerzas Caminos 88, Republic of Honduras (5/9/89)

SO 89-012 Acquisition and Contract Administration, U.S. Army Training Center and Fort Jackson, Fort Jackson, SC (5/9/89)

WE 89-203 Selected Civil Works Projects, U.S. Army Engineer District, Norfolk, VA (5/10/89)

SW 89-015 Ammunition Operations, Red River Army Depot, Texarkana, TX (5/11/89)

MW 89-011 Technical Publications from Aircraft Contractors, U.S. Army Aviation Systems Command, St. Louis, MO (5/12/89)

EU 89-305 Maintenance and Service Equipment, Frankfurt Military Community, Frankfurt, Germany (5/15/89)

EC 89-704 Selected Automatic Data Processing Contracts, U.S. Army Tank Automotive Command, Warren, MI (5/15/89)

NE 89-802 Cash Management for the Morale, Welfare and Recreation Program, U.S. Army Armament Research, Development and Engineering Center, Picatinny Arsenal, NJ (5/15/89)

SO 89-013 Personnel Security Program, U.S. Army Strategic Defense Command, U.S. Army Missile Command, and U.S. Army Ordnance Missile and

Munitions Center and School,
Huntsville, AL (5/17/89)

WE 89-302 Utah Army
National Guard, Draper, UT
(5/22/89)

SW 89-016 Operational
Readiness at 70th Ordnance
Battalion, U.S. Army Air
Defense Artillery Center and
Fort Bliss, Fort Bliss, TX
(5/22/89)

WE 89-012 Construction
Program, Hawaii Army
National Guard, Honolulu, HI
(5/23/89)

SW 89-708 Acquisition
Controls During Convoy
Operations, 70th Ordnance
Battalion, U.S. Army Air
Defense Artillery Center and
Fort Bliss, Fort Bliss, TX
(5/23/89)

EC 89-702 Travel Operations,
U.S. Army Military District of
Washington, Finance and
Accounting Office,
Washington, DC (5/24/89)

SW 89-209 Commercial
Software Copyrights (5/29/89)

EC 89-008 U.S. Army
Training Support Center, Fort
Eustis, VA (5/30/89)

SO 89-015 North Carolina
Army National Guard,
Construction Program,
Raleigh, NC (5/30/89)

MW 89-706 Review of the
Army's Internal Control
Program (Fiscal Year 1988),
U.S. Army Health Services
Command (5/31/89)

WE 89-702 Supply
Operations, Company B, 319th
Signal Battalion, Parks

Reserve Forces Training Area,
Dublin, CA (5/31/89)

HQ 89-205 System
Development at the Joint
Tactical Fusion Program
Management Office, McLean,
VA (5/31/89)

MW 89-707 Review of the
Army's Internal Control
Program (Fiscal Year 1988),
U.S. Army Natick Research,
Development and Engineering
Center (6/1/89)

WE 89-010 Selected Aspects of
Information Management,
I Corps and Fort Lewis, Fort
Lewis, WA (6/2/89)

NE 89-206 Foreign Military
Sales Management, U.S. Army
Communications-Electronics
Command, Fort Monmouth,
NJ (6/5/89)

HQ 89-002 The Army Cost
Comparison Rate for Military
Versus Commercial Flights
(6/5/89)

WE 89-206 Selected Civil
Works Projects, U.S. Army
Engineer District, Los
Angeles, CA (6/5/89)

HQ 89-009 Internal Review
Functions - Phase I (6/6/89)

EC 89-009 Camp Grayling,
Camp Grayling, MI (6/6/89)

EU 89-008 11th Armored
Cavalry Regiment, Fulda,
Germany (6/7/89)

EC 89-205 Contractor
Operations of Commercial
Activities (6/9/89)

SW 89-208 Acquisition, Use,
and Control of Commercial
Software (6/12/89)

EU 89-311 Tier III
Automation Equipment
Maintenance, U.S. Army,
Europe and Seventh Army
(6/13/89)

MW 89-708 Review of the
Army Internal Control
Program (Fiscal Year 1988),
U.S. Army Corps of Engineers
(6/19/89)

SO 89-301 Parts Store
Contracts (6/20/89)

MW 89-302 South Dakota
Army National Guard, Rapid
City, SD (6/20/89)

SO 89-016 Acquisition of
Personnel Services, U.S. Army
Corps of Engineers Waterways
Experiment Station,
Vicksburg, MS (6/21/89)

WE 89-014 Food Support to
Foreign Service Personnel,
Eighth U.S. Army, Seoul,
Korea (6/22/89)

NE 89-208 Capital Equipment
Program, New Cumberland
Army Depot, New
Cumberland, PA (6/22/89)

EC 89-010 Arlington National
Cemetery, Arlington, VA
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EU 89-010 Request for
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Army Depot, U.S. Army
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SW 89-017 Contraband
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NE 89-210 Audit of Family
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NJ (6/26/89)

EC 89-206 Acquisition, Use and Control of Commercial Software, U.S. Army Aberdeen Proving Ground Support Activity, Aberdeen Proving Ground, MD (6/26/89)

WE 89-016 Housing Management, Eighth U.S. Army, Seoul, Korea (6/26/89)

MW 89-012 Acquisition and Contract Administration, U.S. Army Armor Center and Fort Knox, Fort Knox, KY (6/26/89)

WE 89-013 Food Service Operations in Nondivisional Units, Eighth U.S. Army, Seoul, Korea (6/27/89)

EU 89-702 Internal Control Program, U.S. Army, Europe and Seventh Army (6/28/89)

MW 89-014 Processing Procurement Work Directives, U.S. Army Armament, Munitions and Chemical Command, Rock Island, IL (6/30/89)

MW 89-709 Review of the Army Internal Control Program (Fiscal Year 1988), Forces Command (6/30/89)

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WE 89-011 Food Service Operations, I Corps and Fort Lewis, Fort Lewis, WA (7/10/89)

EU 89-009 Border Operations, 11th Armored Cavalry Regiment (7/11/89)

SO 89-018 Competitive Contracting for Repair Parts, U.S. Army Missile Command, Redstone Arsenal, AL (7/17/89)

SO 89-020 Selected Aspects of Civilian Personnel Management, U.S. Army Signal Center and Fort Gordon (7/19/89)

NE 89-011 Audit of Travel Payments, U.S. Army Armament, Munitions and Chemical Command, Picatinny Arsenal, NJ (7/19/89)

SW 89-018 Ammunition Management, 4th Infantry Division (Mech) and Fort Carson (7/21/89)

MW 89-201 Foreign Military Sales Management, U.S. Army Armament, Munitions and Chemical Command, Rock Island, IL (7/26/89)

SW 89-019 Operational Readiness, U.S. Army South (8/7/89)

NE 89-012 Hazardous Substances, Letterkenny Army Depot, Chambersburg, PA (8/8/89)

SO 89-025 Technical Publications, U.S. Army Missile Command, Redstone Arsenal, AL (8/8/89)

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EC 89-207 Family Housing, U.S. Army Logistics Center and Fort Lee (Prov) (8/10/89)

NE 89-212 Capital Equipment Program, Letterkenny Army Depot, Chambersburg, PA (8/10/89)

WE 89-207 Leased Communications, Fort Huachuca, AZ (8/14/89)

SW 89-212 Training Simulation Requirements (8/14/89)

EC 89-208 Automated Marking and Reading Symbolology, U.S. Army Training and Doctrine Command, Fort Monroe, VA (8/15/89)

MW 89-013 Army Advertising Contract (8/17/89)

SO 89-023 Quality Assurance for Facility Engineering Services, U.S. Army Signal Center and Fort Gordon, Fort Gordon, GA (8/21/89)

SW 89-211 Land-Based Water Resources, Pueblo Army Depot Activity, Pueblo, CO (8/22/89)

EU 89-203 Army Model Improvement Program, V Corps, Frankfurt, Germany (8/22/89)

NE 89-214 Family Housing, Fort Devens, MA (8/22/89)

NE 89-213 Tempest Protection Program, Program Executive Officer, Command and Control Systems, Fort Monmouth, NJ (8/23/89)

SO 89-024 Recoupment of North Carolina Sales Taxes, North Carolina Army National Guard, Raleigh, NC (8/23/89)

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MW 89-203 Leased Communications, U.S. Army Soldier Support Center, Fort Benjamin Harrison, IN (8/28/89)

EU 89-313 Automation Security, U.S. Army, Europe and Seventh Army (8/28/89)

EC 89-014 Commissary Operations, Defense General Supply Center, Richmond, VA (8/30/89)

WE 89-402 Review of Army Internal Control Program (FY 88), I Corps and Fort Lewis, Fort Lewis, WA (9/5/89)

MW 89-204 Quality of Materiel, U.S. Army Aviation Systems Command, St. Louis, MO (9/5/89)

SW 89-801 Planning and Budgeting for the Installation Morale, Welfare and Recreation Fund, U.S. Army White Sands Missile Range, NM (9/5/89)

EC 89-013 Remote Target System, U.S. Army Training Support Center, Fort Eustis, VA (9/5/89)

SO 89-026 Temporary Duty Travel, 24th Infantry Division (Mechanized) and Fort Stewart, Fort Stewart, GA (9/6/89)

SW 89-802 Planning and Budgeting for the Installation

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SO 89-022 Contracting Functions, U.S. Army Corps of Engineers, Huntsville Division, Huntsville, AL (9/8/89)

MW 89-015 Range Operations, U.S. Army Armor Center and Fort Knox, Fort Knox, KY (9/11/89)

EU 89-312 Maintenance and Service Equipment, Mannheim Military Community, Mannheim, Germany (9/14/89)

WE 89-018 Direct Support and General Support Level Maintenance, National Training Center and Fort Irwin, Fort Irwin, CA (9/18/89)

SO 89-302 Local Purchase of Subsistence (9/20/89)

NE 89-211 Capital Equipment Program, U.S. Army Depot System Command, Chambersburg, PA (9/28/89)

WE 89-208 Nontactical Vehicles, 6th Infantry Division (Light) and U.S. Army Garrison, Fort Richardson, AK (9/28/89)

EU 89-314 Installation Materiel Maintenance Activities, 21st Theater Army Area Command, Kaiserslautern, Germany (9/29/89)

WE 89-019 The General Support Repair Program, U.S. Army Depot System Command Support Activity Far East,

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MW 89-303 FY 88 Superfund Financial Transactions (9/29/89)

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NE 89-208 Presurvey of the Chemical Agent Resistant Coating Program (4/6/89)

WE 89-015 Audit of Finance and Accounting Operations, Yuma Proving Ground, Yuma, AZ (4/10/89)

SO 89-505 Review of the Commercial Activity Study for Dear Army Medical Clinic, Anniston Army Depot, Anniston, AL (4/17/89)

NE 89-420 Audit of FY 88 Superfund Financial Transaction, U.S. Army Corps of Engineers, New England Division and New York District (4/28/89)

SW 89-605 Review of Food Catering Service, Rocky Mountain Arsenal (4/28/89)

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SW 89-501 Review of Long-Term Facilities Contract Test, Fort Polk, LA (5/16/89)

SO 89-019 Survey of Regional Data Center, Norcross, GA (5/24/89)

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SO 89-703 Dining Facility Records, U.S. Army Infantry Center and Fort Benning (6/9/89)

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EC 89-706 CID Assist Audit of ROTC Payments to Detroit School System (6/14/89)

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SW 89-021 Survey of Civilian Payroll Operations, Red River

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SO 89-507 Review of the Government Costs for Housekeeping Services, Martin Army Community Hospital, Fort Benning, GA (7/24/89)

WE 89-703 Audit of Officers Club, Presidio of San Francisco (7/26/89)

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NE 89-600 Contract Operations, U.S. Army Armament, Munitions and Chemical Command, Picatinny Arsenal (8/17/89)

NE 89-601 Time and Materials Contracts, U.S. Army Communications-Electronics Command, Ft. Monmouth, NJ (8/17/89)

MW 89-712 Review of Base Realignment Construction Requirements, U.S. Army Armour Center and Fort Knox, Fort Knox, KY (8/22/89)

WE 89-704 Review of Base Realignment Construction Requirements, Ft. Huachuca, AZ (8/24/89)

WE 89-207 Review of the Army Internal Control Program (FY 89), 18th Airborne Corps and Ft. Bragg (8/30/89)

EC 89-707 Review of Base Realignment Construction Requirements, Fort Detrick, MI (8/30/89)

EC 89-708 Review of Base Realignment Construction

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EC 89-504 Review of Government Costs of Administrative Services Functions, U.S. Army Logistics Center and Fort Lee (8/31/89)

EC 89-709 Review of Base Realignment Construction Requirements, U.S. Army Logistics Center and Ft. Lee (Prov), Fort Lee, VA (9/1/89)

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SO 89-021 Observations for Management Consideration, Selected Aspects of Civilian Personnel Management (9/2/89)

SW 89-709 Review of Base Realignment Construction Requirements, Fort Carson and 4th Infantry Division (Mechanized), Fort Carson, CO (9/5/89)

SO 89-704 Review of Base Realignment Construction Requirements, U.S. Army Training Center and Fort Jackson, Fort Jackson, SC (9/6/89)

MW 89-716 Review of Base Realignment Construction Requirements, U.S. Army Soldier Support Center, Ft. Benjamin Harrison, IN (9/7/89)

MW 89-716 Review of the Army Internal Control Program, U.S. Army Medical Department Activity, Fort Benning, GA (9/11/89)

MW 89-715 Review of the Army Internal Control Program (FY 89), Fort McCoy (9/15/89)

MW 89-714 Review of the Army Internal Control Program (FY 89), U.S. Army Aviation Center and Fort Rucker (9/15/89)

MW 89-713 Review of the Army Internal Control Program (FY 89), U.S. Army Armament, Munitions and Chemical Command (9/18/89)

EC 89-505 Review of Government Costs of Motor Vehicle Operation and Maintenance, U.S. Army Corps of Engineers, Norfolk District, Norfolk, VA (9/19/89)

SO 89-028 U.S. Army Ordnance Missile and Munitions Center and School, Redstone Arsenal, AL (9/25/89)

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037-W-89 Commercial Activity Post-Decision Review of Base Operating Support Services at Naval Air Station, Barbers Point, HI (3/3/89)

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040-N-89 Undefined Contractual Actions in Selected Naval Sea Systems Command Programs (3/22/89)

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087-N-89 Quality Assurance Review of the Fiscal 1989 Internal Audit Plan for the Audit Inspection Review Group, Navy Resale and Services Support Office; Advisory Report (3/27/89)

043-N-89 Department of the Navy Price Challenge Program (3/31/89)

035-S-89 Repairable Support Inventories in Support of Concurrent Rework at Naval Aviation Depots (4/3/89)

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051-W-89 Marine Corps Participation in Exercise Kernel Blitz 88-1 (6/2/89)

062-W-89 Commercial Activity Review of Base Operating Support Services at Naval Air Station, North Island, San Diego, CA (6/6/89)

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063-S-89 Commercial Activity Post-Decision Review of

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064-N-89 Navy Payments for Basic Pay and Related Entitlements (6/15/89)

065-S-89 Commercial Activity Cost Comparison Review of Data Processing Installation Department and Warehouse Operations at Navy Regional Data Automation Center, New Orleans, LA (6/15/89)

060-N-89 Controls Over Commissions Due from Concessions at Navy Exchanges (6/15/89)

059-C-89 Selected Aspects of Supply, Finance, Property, and Support Functions at Navy Publishing and Printing Service, DoD Area (6/15/89)

067-N-89 Reported Costs and Work Progress for the Overhaul of the USS GROTON (6/19/89)

055-S-89 Development of the Type Commander Headquarters Automated Information System (6/22/89)

074-W-89 Commercial Activity Cost Comparison Review of Base Operating Support Services at Marine Corps Air Station, Yuma (6/26/89)

068-C-89 Selected Aspects of Property, Finance, Support, and Information Technology Functions Performed by Personnel Support Activity, Washington, DC (6/28/89)

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076-W-89 Commercial Activity Cost Comparison Review of Motor Transportation Services at MRCO, San Diego, CA (6/30/89)

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06-H-89 Project Management Audit - Vertical Launching System and Management of the Support Equipment Program Audit (7/13/89)

071-N-89 Operation of the Shipyard Management Information System, Philadelphia Naval Shipyard, Philadelphia, PA (7/17/89)

070-S-89 Commercial Activity Post-Decision Review of Utilities Systems, Operations, and Maintenance at Naval Public Works Center, Naval Air Station, Pensacola, FL (7/19/89)

072-W-89 The Shipyard Management Information

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077-N-89 Navy Processing of Separations and Settlements (7/26/89)

078-S-89 Naval Air Maintenance Training Program (7/28/89)

079-S-89 Management of Reimbursable Funding at the Naval Supply Center, Norfolk, VA (7/28/89)

056-S-89 Major Procurement and Contract Administration at Marine Corps Logistics Base, Albany, GA (8/3/89)

083-W-89 Commercial Activity Cost Comparison Review of Packing and Crating Services at Naval Supply Center, San Diego, CA (8/7/89)

06-II-89 Management of the Fleet Marine Force Maintenance Floats and the Fast Pay Program within the Navy (8/17/89)

084-N--89 Recertification of Commercial Activity Cost Comparison Review - SPCC Base Operating Support (BOS) Functions (8/17/89)

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100-9-16 Review of Base Contracting Automated System Solicitation and Award Process Application Controls, I/TTC, Lowry AFB, CO (Project 9195411) (6/14/89)

100-9-17 Use of Automated

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100-9-22 Management of Budget Clearing Account (Suspense) 57F3875, Air Force Accounting and Finance Center, Denver, CO (Project 9265314) (7/28/89)

100-9-28 Review of Base-Level Planning for 2nd-Year Personnel Concept III Implementation Sites, I/TTC, Lowry AFB, CO (Project 9195422) (9/19/89)

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110-9-18 Air Force Use of Communications Service Authorizations to Acquire Telecommunication Equipment and Services, Peterson AFB, CO (Project 9066412) (8/21/89)

110-9-19 Accounting and Finance Disbursing Agent (ADSN 6761), Cash Accountability and Internal Controls, Thule AB, Greenland (Project 9265312) (8/22/89)

120-9-07 Evaluation of the Core Automated Maintenance Systems Status and Inventory Subsystem Application Control, 21st Tactical Fighter Wing, Elmendorf AFB, AK (Project 9195417) (6/8/89)

203-9-10 Billeting Operations, Services Squadron, 2nd Bombardment Wing, Barksdale AFB, LA (Project

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203-9-13 Civil Engineering Material Acquisition System, 2nd Bombardment Wing, Barksdale AFB, LA (Project 8195424) (6/15/89)

203-9-14 Management of Air Force Reserve Local Area Network Acquisition, 917th Tactical Fighter Wing, Barksdale, AFB, LA (Project 9215410) (6/26/89)

203-9-17 Review of Air Force Aviation Fuel Financial Management, 2nd Bombardment Wing, Barksdale AFB, LA (Project 9265317) (7/17/89)

203-9-19 Accounting and Finance (ADSN 6671), Cash Accountability and Internal Controls, 2nd Bombardment Wing, Barksdale AFB, LA (Project 9165312) (9/19/89)

208-9-10 Review of Air Force Stock Fund Fuels Division Avfuel Transactions (FP4672), 93rd Bombardment Wing, Castle AFB, CA (Project 9265317) (5/4/89)

208-9-14 Prepositioned War Reserve Materiel Subsistence Requirements, Det 102, Air Force Commissary Service, Castle AFB, CA (Project 9275112) (7/12/89)

208-9-16 Accounting and Finance Office (ADSN 6714), Cash Accountability and Internal Controls, 93rd Bombardment Wing, Castle AFB, CA (Project 9265312) (8/9/89)

213-9-11 Review of Appliance Management, 96th BMW, Dyess AFB, TX (Project 9175212) (5/15/89)

213-9-20 Accounting and Finance Office Cash Accountability and Internal Controls, 7th EMW, Carswell AFB, TX (Project 9265312) (7/19/89)

218-9-11 Management of the Variable Housing Allowance Program, 12th Air Division, Ellsworth AFB, SD (Project 9225310) (4/14/89)

218-9-13 Review of Appliance Management, 12th Air Division, Ellsworth AFB, SD (Project 9175212) (5/17/89)

218-9-14 Accounting and Finance (ADSN 6701), Cash Management and Internal Controls, 90th Strategic Missile Wing, F.E. Warren AFB, WY (Project 9265312) (5/26/89)

218-9-18 Accounting and Finance (ADSN 6682), Cash Management and Internal Controls, 12th Air Division, Ellsworth AFB, SD (Project 9265312) (7/3/89)

223-9-24 Followup of Management of Minuteman Life Extension Program (RIVET MILE), Ogden AIC/MAK/PWA, Malmstrom AFB, MT (Project 6095610) (6/30/89)

228-9-29 Evaluation of the Financial Operations Supervisor, 42nd Air Division, Grand Forks AFB, ND (Project 9265311) (8/7/89)

233-9-20 Management of Civil Engineering Materials, 416th Bombardment Wing, Griffiss AFB, NY (Project 9175211) (4/3/89)

233-9-22 Accounting and Finance, Cash Accountability

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233-9-24 Management of Task Oriented Contracting for Strategic Defense Initiative Programs, Rome Air Development Center, Griffiss AFB, NY (Project 8036314) (6/30/89)

233-9-25 Evaluation of Financial Operations Supervisor, 380th Bombardment Wing, Plattsburgh AFB, NY (Project 9285311) (8/1/89)

233-9-27 Management of Freight Traffic, 416th Bombardment Wing, Griffiss AFB, NY (Project 9226117) (8/30/89)

238-9-15 Management of Civil Engineering Materials, 410th Bombardment Wing, K.I. Sawyer AFB, MI (Project 9175211) (4/27/89)

246-9-12 Management of Civil Engineering Materials, 384th Bombardment Wing, McConnell AFB, KS (Project 9175211) (5/1/89)

251-9-08 Fire Protection Management, 57th Air Division, Minot AFB, ND (Project 9175213) (5/19/89)

251-9-10 Evaluation of the CAMS Status and Inventory Subsystem Application Controls, 57th Air Division, Minot AFB, ND (Project 9195417) (6/19/89)

251-9-15 Accounting and Finance (ADSN 5972), Cash Management and Internal Controls, Minot AFB, ND (Project 9265312) (7/21/89)

260-9-24 Management of the Computer Systems Authorization Directory, IIQ SAC, Offutt AFB, NE (Project 9195416) (4/4/89)

260-9-34 Evaluation of Temporary Duty Travel Management, 55th SRW, Offutt AFB, NE (Project 9265311) (5/25/89)

260-9-38 Management of Air Force Scientific and Technical Information Program IIQ SAC, Offutt AFB, NE (Project 9205213) (6/20/89)

260-9-56 Minuteman Education Program Phaseout Contract, 3908th Contracting Squadron, Offutt AFB, NE (Project 9205213) (9/19/89)

264-9-16 Air Force Use of Communications Service Authorizations to Acquire Telecommunication Equipment and Services, Det 2, 2nd Satellite Tracking Group, New Boston AFS, NH (Project 9066412) (4/4/89)

264-9-19 Management of Civil Engineering Materials, 509th Bombardment Wing, Pease AFB, NH (Project 9175211) (8/28/89)

264-9-24 Air Force Freight Traffic Management, 509th Bombardment Wing, Pease AFB, NH (Project 9226117) (8/28/89)

271-9-06 Management of Variable Housing Allowance Payments, 379th Bombardment Wing, Wurtsmith AFB, MI (Project 9235310) (4/19/89)

271-9-12 Management of Civil Engineering Materials, 379th Bombardment Wing,

Wurtsmith AFB, MI (Project 9175211) (6/12/89)

271-9-15 Air Force Use of Communication Service Authorizations to Acquire Telecommunications Equipment and Services, 379th Bombardment Wing, Wurtsmith AFB, MI (Project 9066412) (7/5/89)

271-9-17 Review of Transportable Shelter System, 110th Tactical Air Support Group, Battle Creek ANG, MI (Project 9195420) (7/14/89)

271-9-19 Review of Base-Level Planning for Personnel Concept III Implementation, 379th Bombardment Wing, Wurtsmith AFB, MI (Project 9195422) (9/13/89)

301-9-15 Management of Intelligence Contingency Funds--Fiscal Year 1988, Air Force Special Activities Center, Fort Belvoir, VA (Project 9205210) (4/6/89)

301-9-16 Management of the Computer Systems Authorization Directory, Air National Guard Support Center, Andrews AFB, DC (Project 9195416) (4/7/89)

301-9-22 Management of Variable Housing Allowance, Air Force District of Washington, Accounting and Finance Office (ADSN 5037), 1100th Resource Management Group, Bolling AFB, DC (Project 9235310) (6/30/89)

301-9-23 Management of Air Force Official Representation Contingency Funds, Fiscal Year 1988, Administrative Assistant to the Secretary of the Air Force, Pentagon,

Washington, DC (Project 9205211) (7/7/89)

301-9-25 Accounting and Finance, Cash Management and Internal Controls, Air Force District of Washington Accounting and Finance Office (ADSN 5037), 1100th Resource Management Group, Bolling AFB, DC (Project 9265312) (7/28/89)

301-9-29 Management of Budget Clearing Accounts, Air Force District of Washington, Accounting and Finance Office (ADSN 5037), 1100th Resource Management Group, Bolling AFB, DC (Project 9265314) (9/18/89)

305-9-11 F-16 Multiyear II Contract Management, Aeronautical Systems Division, Wright-Patterson AFB, OH, (Project 8036317) (4/7/89)

305-9-12 Contractor Use of Government Furnished Equipment for Commercial Work, Aeronautical Systems Division, Wright-Patterson AFB, OH (Project 9066411) (4/7/89)

305-9-13 Contractor Use of Government Furnished Equipment for Commercial Work, AFPRO, Westinghouse Electric Corporation, Baltimore, MD (Project 9066411) (4/17/89)

305-9-14 Payments to Contractors, AFPRO, Pratt and Whitney, West Palm Beach, FL (Project 9076412) (4/21/89)

305-9-15 Payments to Contractors, AFPRO, General Dynamics, Fort Worth, TX (Project 9076412) (4/21/89)

305-9-16 Payments to Contractors, AFPRO, Lockheed-Georgia Company, Marietta, GA (Project 9076412) (4/21/89)

305-9-17 Payments to Contractors, AFPRO, Westinghouse Electric Corporation, Baltimore, MD (Project 9076412) (4/27/89)

305-9-18 Contractor Use of Government Furnished Equipment for Commercial Work, AFPRO, Pratt and Whitney, West Palm Beach, FL (Project 9066411) (5/17/89)

305-9-19 MC-130H Combat Talon II Logistics Support Management, Aeronautical Systems Division, Wright-Patterson AFB, OH (Project 9036311) (5/19/89)

305-9-20 Financial Management of Selected Strategic Defense Initiative Contracts, Aeronautical Systems Division, Wright-Patterson AFB, OH (Project 8036314) (5/19/89)

305-9-24 Management of Task Oriented Contracting for Strategic Defense Initiative Programs, Aeronautical Systems Division, Wright-Patterson AFB, OH (Project 8036314) (7/21/89)

305-9-26 Management of the Advanced Tactical Fighter Technical Analytical Study Support Contract, Aeronautical Systems Division, Wright-Patterson AFB, OH (Project 8036327) (8/11/89)

305-9-29 Contracting for Engineering Services to Support AFSC Weapon Systems Acquisition,

Aeronautical Systems
Division, Wright Patterson
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305-9-30 Evaluation of
Temporary Duty Travel
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Systems Division, Wright
Patterson AFB, OH (Project
9265311) (9/19/89)

310-9-14 Administration of
Contractor Use of Government
Furnished Equipment for
Commercial Work, AFPRO,
Aerofet, Sacramento, CA
(Project 9066411) (4/21/89)

310-9-15 Administration of
Contractor Use of Government
Furnished Equipment For
Commercial Work, AFPRO,
Martin Marietta, Denver, CO
(Project 9066411) (4/24/89)

310-9-17 Administration of
Financial Management of
Selected Strategic Defense
Initiative Contracts, Space
Systems Division Los Angeles
AFB, CA (Project 8036324)
(5/19/89)

310-9-19 Review of Air Force
Scientific and Technical
Information Program
Effectiveness, Ballistic
Systems Division, Norton
AFB, CA (Project 9205213)
(6/6/89)

310-9-20 Contracting for
Engineering Services to
Support Air Force Systems
Command Weapon Systems
Acquisitions, Space Systems
Division, Los Angeles AFB,
CA (Project 9066410) (6/28/89)

310-9-24 Management of
Budget Clearing Accounts,
Accounting and Finance Office
(ADSN 5942), Space Systems

Division, Los Angeles AFB,
CA (Project 9265314) (8/10/89)

310-9-25 Review of the
Automated Travel Record
Accounting System, Space
Systems Division, Los Angeles
AFB, CA (Project 9195410)
(8/11/89)

315-9-02 Followup Audit,
Control Over the Disposal and
Reuse of Magnetic Tapes at
AFFTC, 6520th Test Group,
Edwards AFB, CA (Project
8195428) (4/3/89)

315-9-03 F-4 Aircraft for
Training and Testing
Requirements, 6510th Test
Wing, Edwards AFB, CA
(Project 9036316) (4/3/89)

315-9-04 Reliability and
Maintainability Requirements
in Science and Technology
Projects, Astronautics
Laboratory, Edwards AFB, CA
(Project 8016211) (4/13/89)

315-9-05 Financial
Management of Selected
Strategic Defense Initiative
Contracts, AFFTC, Directorate
of Contracting, Edwards AFB,
CA (Project 8036324) (6/6/89)

315-9-06 Management of Task
Oriented Contracting for
Strategic Defense Initiative
Programs, AFFTC, Edwards,
AFB, CA (Project 8036314)
(6/30/89)

315-9-07 Review of Air Force
Scientific and Technical
Information Program
Effectiveness, AF Flight Test
Center, Edwards AFB, CA
(Project 9205213) (7/7/89)

320-9-13 Civil Engineering
Material Acquisition System,
Munitions Systems Division,

Eglin AFB, FL (Project
8195424) (4/24/89)

320-9-16 Procurement and
Provisioning Within the
Advanced Medium Range Air-
to-Air Missile Program,
Munitions Systems Division,
Eglin AFB, FL (Project
8036320) (5/8/89)

320-9-18 Management of Task
Oriented Contracting for SDI
Programs, Munitions Systems
Division, Eglin AFB, FL,
(Project 8036314) (5/17/89)

320-9-20 Financial
Management of Selected
Strategic Defense Initiative
Contracts, Munitions Systems
Division, Eglin AFB, FL,
(Project 8036324) (6/29/89)

320-9-22 Review of the
Automated Travel Record
Accounting System, Munitions
Systems Division, Eglin AFB,
FL (Project 9195410) (6/26/89)

320-9-24 Air Force Freight
Traffic Management,
Munitions Systems Division,
Eglin AFB, FL (Project
9226117) (7/24/89)

320-9-26 Accounting and
Finance Office (ADSN 5279),
Cash Accountability and
Internal Controls, Munitions
Systems Division, Eglin AFB,
FL (Project 9265213) (7/20/89)

320-9-29 Billeting Operations,
Munitions Systems Division,
Eglin AFB, FL (Project
9275111) (8/22/89)

325-9-19 Air Force Scientific
and Technical Information
Program Effectiveness,
Electronic Systems Division,
Hanscom AFB, MA (Project
9205213) (7/20/89)

325-9-08 Financial Management of Selected Strategic Defense Initiative Contracts, Solid State Sciences Directorate, Hanscom AFB, MA (Project 8036324) (4/3/89)

325-9-09 Award and Administration of Air Force Operations and Maintenance Construction Contracts, Electronic Systems Division, Hanscom AFB, MA (Project 9076410) (4/3/89)

325-9-12 Review of Billeting Operations 3245th Air Base Group, Hanscom AFB, MA (Project 9275111) (5/10/89)

325-9-13 Financial Management of Selected Strategic Defense Initiative Contracts, Electronic Systems Division, Hanscom AFB, MA (Project 8036324) (5/30/89)

325-9-14 Review of the Base Contracting Automated System, Electronic Systems Division, Hanscom AFB, MA (Project 9195411) (5/22/89)

325-9-15 Evaluation of Temporary Duty Travel Management, Electronic Systems Division, Hanscom AFB, MA (Project 9265311) (6/9/89)

325-9-16 Review of Air Force Scientific and Technical Information Program Effectiveness, Geophysics Laboratory, Hanscom AFB, MA (Project 9205213) (6/30/89)

325-9-22 Contracting for Engineering Services to Support Air Force Systems Command Weapons Systems Acquisitions, Electronic Systems Division, Hanscom AFB, MA (Project 9056410) (7/27/89)

325-9-25 Management of Undefined Contractual Actions and Effective Date Letters, Electronic Systems Division, Hanscom AFB, MA (Project 9046410) (9/19/89)

330-9-09 Review of the Automated Travel Record Accounting System, 1606th Air Base Wing, Kirtland AFB, NM (Project 9195410) (6/28/89)

330-9-07 Billeting Operations, 1606th Air Base Wing, Kirtland AFB, NM (Project 9275111) (5/25/89)

330-9-08 Review of Base Contracting Automated System Solicitation and Award Process Application Controls, Kirtland Contracting Center, Air Force Space Technology Center, Kirtland AFB, NM (Project 9195411) (6/26/89)

330-9-10 Financial Management of Selected Strategic Defense Initiative Contracts, Kirtland Contracting Center, Air Force Space Technology Center, Kirtland AFB, NM (Project 8036324) (7/5/89)

330-9-11 Financial Management of Selected Strategic Defense Initiative Contracts, Weapons Laboratory, Kirtland AFB, NM (Project 8036324) (7/6/89)

330-9-14 Accounting and Finance (ADSN 6623), Cash Accountability and Internal Controls, 1606th Air Base Wing, Kirtland AFB, NM (Project 9265312) (8/15/89)

330-9-16 Management of Budget Clearing Accounts, 1606th Air Base Wing, Kirtland AFB, NM (Project 9265314) (8/29/89)

330-9-17 Management of Task Oriented Contracting for Strategic Defense Initiative Programs, Weapons Laboratory, Kirtland AFB, NM (Project 8036314) (9/19/89)

330-9-18 Management of Task Oriented Contracting for Strategic Defense Initiative Programs, Kirtland Contracting Center, Kirtland AFB, NM (Project 8036314) (9/19/89)

335-9-15 Review of Scientific and Technical Information Program Effectiveness, AF Technical Applications Center, Patrick AFB, FL (Project 9205213) (5/5/89)

335-9-19 Management of Civil Engineering Material, Eastern Space and Missile Center, Patrick AFB, FL (Project 9175211) (5/19/89)

335-9-20 Review of Base Contracting Automated System Application Controls, Eastern Space and Missile Center, Patrick AFB, FL (Project 9195411) (5/24/89)

335-9-21 Review of Air Force Freight Traffic Management, Eastern Space and Missile Center, Patrick AFB, FL (Project 9226117) (7/7/89)

335-9-22 Prepositioned War Reserve Materiel Subsistence, 2nd Combat Communications Group, Patrick AFB, FL (Project 9275112) (7/25/89)

335-9-23 Storage and Reporting of Prepositioned War Reserve Materiel Subsistence, Det 219, AF Commissary Service, Patrick AFB, FL (Project 8275112) (7/25/89)

335-9-24 Fire Protection Management, Eastern Space and Missile Center, Patrick AFB, FL (Project 9175213) (8/2/89)

335-9-25 Accounting and Finance (ADSN 6624), Cash Accountability and Internal Controls, Eastern Space and Missile Center, Patrick AFB, FL (Project 9265312) (9/1/89)

335-9-27 Management of the Commercial Expendable Launch Vehicle Program, Eastern Space and Missile Center, Patrick AFB, FL (Project 9036315) (9/8/89)

340-9-07 Air Force Scientific and Technical Information Program Effectiveness, Western Space and Missile Center, Vandenberg AFB, CA (Project 9205213) (5/30/89)

340-9-10 Review of Air Force Scientific and Technical Information Program Effectiveness, 1st Strategic Aerospace Division, Vandenberg AFB, CA (Project 9205213) (5/30/89)

340-9-11 Management of the Commercial Expendable Launch Vehicle Program, 1st Strategic Aerospace Division, Vandenberg AFB, CA (Project 9036315) (8/23/89)

340-9-12 Management of the Commercial Expendable Launch Vehicle Program, Western Space and Missile Center, Vandenberg AFB, CA (Project 9036315) (8/29/89)

340-9-13 Management of Budget Clearing Accounts, 4392nd Aerospace Support Wing, Vandenberg AFB, CA (Project 9265314) (9/7/89)

405-9-22 Followup of Unemployment Compensation for Former Air Force Civilian Employees, Ogden Air Logistics Center, Hill AFB, UT (Project 9155110) (4/4/89)

405-9-24 F-4 Aircraft Training and Testing Requirements, Ogden Air Logistics Center, Hill AFB, UT (Project 9036316) (5/8/89)

405-9-28 Air Force Scientific and Technical Information Program Effectiveness, Ogden Air Logistics Center, Hill AFB, UT (Project 9205213) (5/18/89)

405-9-30 Air Force Logistics Command Communication-Computer Systems Standardization Plans, Ogden Air Logistics Center, Hill AFB, UT (Project 9196613) (5/23/89)

405-9-32 Review of Excess On-Order Recoverable Spares, Ogden Air Logistics Center, Hill AFB, UT (Project 9126110) (6/15/89)

405-9-33 Adjustments of Depot Purchased Equipment Maintenance Exchangeable Repair Requirements, Ogden Air Logistics Center, Hill AFB, UT (Project 9126112) (6/16/89)

405-9-35 Billeting Operations, Ogden Air Logistics Center, Hill AFB, UT (Project 9275111) (6/20/89)

405-9-39 Accounting and Finance Office (ADSN 5044) Cash Accountability and Internal Controls, Ogden Air Logistics Center, Hill AFB, UT (Project 9265312) (6/27/89)

405-9-43 Management of Air Force Reserve Local Area Network Acquisition, 419th

Tactical Fighter Wing, Hill AFB, UT (Project 9215410) (7/7/89)

405-9-47 Security Procedures for Air Force Logistics Command Major Automated Data Processing Modernization Programs, Ogden Air Logistics Center, Hill AFB, UT (Project 9196612) (8/14/89)

405-9-51 Management of Budget Clearing Accounts, Ogden Air Logistics Center, Hill AFB, UT (Project 9265314) (9/8/89)

410-9-11 Inventory Controls - Stock Retention Management, Kelly AFB, TX (Project 8126124) (4/17/89)

410-9-18 Management of Air Force Reserve Local Area Network Acquisition, Kelly AFB, TX (Project 9215410) (7/17/89)

410-9-19 Adjustment of Depot Purchased Equipment Maintenance Exchangeable Repair Requirements, Kelly AFB, TX (Project 9126112) (7/19/89)

410-9-22 Air Force Logistics Command Communications-Computer Systems, Standardization Plans, Kelly AFB, TX (Project 9196613) (8/17/89)

410-9-25 Followup of C-5 Engine Intermediate Maintenance, Kelly AFB, TX (Project 9036323) (9/12/89)

410-9-26 Security Procedures for Air Force Logistics Command Major Automated Data Processing Modernization Programs, Kelly AFB, TX (Project 9196612) (9/13/89)

415-9-13 Followup Audit Maintenance Inventory Center Requisitioning and Back Order Validation Procedures, McClellan AFB, CA (Project 9126111) (4/7/89)

415-9-14 Followup Audit Unemployment Compensation for Former Air Force Civilian Employees, McClellan AFB, CA (Project 9155110) (4/11/89)

415-9-20 Accounting and Finance (ADSN 5032), Cash Accountability and Internal Controls, McClellan AFB, CA (Project 9265312) (5/17/89)

415-9-23 Post Implementation Review of Engineering Data Computer Assisted Retrieval System, McClellan AFB, CA (Project 9196611) (7/10/89)

415-9-27 Implementation of Class IV and V Modification Objectives, McClellan AFB, CA (Project 9106210) (8/4/89)

415-9-28 Air Force Use of Communications Service Authorizations to Acquire Telecommunications Equipment and Services, McClellan AFB, CA (Project 9066412) (8/31/89)

415-9-29 Controlling Delinquent Deliveries for Air Force Logistics Command Spare Parts Contracts, McClellan AFB, CA (Project 9076413) (9/15/89)

425-9-24 Management of Civil Engineering Materials, Warner-Robins Air Logistics Center, Robins AFB, GA (Project 9175211) (4/6/89)

425-9-31 Accounting and Finance (ADSN 5033), Cash Management and Internal

Controls, Warner-Robins Air Logistics Center, Robins AFB, GA (Project 9265312) (5/19/89)

425-9-33 Review of Vehicle Replacement Requirements Computations, Warner-Robins Air Logistics Center, Robins, AFB, GA (Project 9226116) (6/9/89)

425-9-34 Implementation of Class IV and V Modification Objectives, Warner-Robins Air Logistics Center, Robins AFB, GA (Project 9106210) (6/9/89)

425-9-35 Air Force Use of Communications Service Authorizations to Acquire Telecommunications Equipment and Services, 94th Combat Support Group, Dobbins AFB, GA (Project 9066412) (6/19/89)

425-9-39 Evaluation of Temporary Duty Travel Management, Warner-Robins Air Logistics Center, Robins AFB, GA (Project 9265311) (7/17/89)

425-9-42 MC-130H Combat Talon II Logistics Support Management, Warner-Robins Air Logistics Center, Robins AFB, GA (Project 9036311) (7/17/89)

425-9-43 Adjustments of Depot Purchased Equipment Maintenance Exchangeable Item Repair Requirements, Warner-Robins Air Logistics Center, Robins AFB, GA (Project 9126112) (7/26/89)

425-9-44 Management of the Ground Launcher Cruise Missile Drawdown, Warner-Robins Air Logistics Center, Robins AFB, GA (Project 9036317) (8/4/89)

425-9-50 Management of Undefined Contractual Actions, Warner-Robins Air Logistics Center, Robins AFB, GA (Project 9046410) (9/5/89)

440-9-19 Unemployment Compensation for Former Air Force Civilian Employees, OC-A1C, Tinker AFB, OK (Project 9155110) (4/6/89)

440-9-21 Civil Engineering Material Acquisition System, Tinker AFB, OK (Project 8195424) (5/9/89)

440-9-33 Review of Air Force Logistics Command Communication, Computer Systems Standardization Plans, OC-A1C, Tinker AFB, OK (Project 9196613) (7/24/89)

440-9-36 Adjustment of Depot Purchased Equipment Maintenance Exchangeable Repair Requirements, Tinker AFB, OK (Project 9126112) (8/8/89)

440-9-40 Management of Class IV and V Modifications, Tinker AFB, OK (Project 9106210) (8/31/89)

440-9-43 B-1B Electronic Countermeasures Recovery Plan Funding, OC-A1C, Tinker AFB, OK (Project 9030001) (9/18/89)

445-9-15 Followup-Unemployment Compensation for Former Air Force Civilian Employees, 2750th ABW, Morale/Welfare/ Recreation Division, Wright-Patterson AFB, OH (Project 9155110) (5/26/89)

445-9-16 Followup-Unemployment Compensation for Former Air Force Civilian

Employees, 2750th ABW,
Central Civilian Personnel
Office, Wright-Patterson AFB,
OH (Project 91551100) (5/26/89)

445-9-17 Management of
Variable Housing Allowance
Payments, 2750th ABW,
Wright-Patterson AFB, OH
(Project 9235310) (5/26/89)

445-9-18 Review of Air Force
Aviation Fuel Financial
Management, 2750th ABW,
Wright-Patterson AFB, OH
(Project 9265317) (5/26/89)

445-9-19 Accounting and
Finance Office Cash
Accountability and Internal
Controls (ADSN 5991), 2803rd
Air Base Group, Newark AFB,
OH (Project 9265312)
(7/21/89)

445-9-20 Evaluation of
Temporary Duty Travel
Management, 2750th ABW,
Wright-Patterson AFB, OH
(Project 9265311) (7/28/89)

445-9-21 Prepositioned War
Reserve Materiel Subsistence
Requirements, Air Force
Commissary Service,
Detachment 522, Wright-
Patterson AFB, OH (Project
9275112) (7/31/89)

509-9-14 Evaluation of
Financial Operations
Supervisor, 27th Tactical
Fighter Wing, Cannon AFB,
NM (Project 9285311) (7/14/89)

509-9-16 Management of the
Depot Maintenance Quality
Assurance Program, 27th
Tactical Fighter Wing, Cannon
AFB, NM (Project 91016216)
(9/19/89)

516-9-16 Review of Air Force
Stock Fund Fuels Division
Avfuels Transactions (FP

4877), 836th Air Division,
Davis-Monthan AFB, AZ
(Project 9265317) (6/6/89)

516-9-21 Air Force Use of
Communications Services
Authorizations to Acquire
Telecommunications
Equipment and Services,
836th Air Division, Davis-
Monthan AFB, AZ (Project
9066412) (7/10/89)

535-9-05 Management of
Billing Operations, 931st Air
Division, George AFB, CA
(Project 9275111) (4/3/89)

535-9-07 Management of Base
Contracting Automated
System, 831st Air Division,
George AFB, CA (Project
9195411) (4/13/89)

535-9-09 Review of Appliance
Management, 831st Combat
Support Group, George, AFB,
CA (Project 91752120) (5/25/89)

540-9-12 Management of
Variable Housing Allowance
Payments, 833rd Air Division,
Holloman AFB, NM (Project
9235310) (4/5/89)

540-9-18 Management of Base
Level Processing of Avfuel
Transactions, 833rd Air
Division, Holloman AFB, NM
(Project 9265317) (9/6/89)

545-9-29 Management of F-4
Aircraft Requirements for
Training and Test,
Headquarters Tactical Air
Command, Langley AFB, VA
(Project 9036316) (5/16/89)

545-9-30 Review of the Base
Contracting Automated
System Solicitation and Award
Process Application Controls,
1st Tactical Fighter Wing,
Langley AFB, VA (Project
9195411) (5/26/89)

545-9-31 Evaluation of
Temporary Duty Travel
Management, Headquarters
Tactical Air Command and 1st
Tactical Fighter Wing,
Langley AFB, VA (Project
9265311) (6/5/89)

545-9-33 Fire Protection
Management, Headquarters
Tactical Air Command,
Langley AFB, VA (Project
9175231) (6/6/89)

545-9-36 Accounting and
Finance (ADSN 6707), Foreign
Currency Fluctuation
Centrally Managed
Allotments, 1st Tactical
Fighter Wing, Langley AFB,
VA (Project 9265310)
(6/22/89)

545-9-38 Management of Air
Force Scientific and Technical
Information, Headquarters
Tactical Air Command,
Langley AFB, VA (Project
9205213) (7/19/89)

550-9-08 Review of Appliance
Management, 832nd Air
Division, Luke AFB, AZ
(Project 9175212) (5/2/89)

550-9-09 Evaluation of the
Core Automated Maintenance
System, Status and Inventory
Application Controls, 832nd
Air Division, Luke AFB, AZ
(Project 9195417) (5/19/89)

550-9-12 Accounting and
Finance Office (ADSN 5261),
Cash Accountability and
Internal Controls, Luke AFB,
AZ (Project 9265312) (7/12/89)

555-9-15 Evaluation of the
Core Automated Maintenance
System, Status and Inventory
Application Controls, 56th
Tactical Training Wing
MacDill AFB, FL (Project
9195417) (4/18/89)

555-9-20 Transportation Management Office, Freight Traffic Management, 56th Tactical Training Wing, MacDill AFB, FL (Project 9226117) (8/14/89)

555-9-21 Open Messes, Evaluation of Financial Operations, 56th Tactical Training Wing, MacDill AFB, FL (Project 9285311) (8/24/89)

560-9-09 Management of Civil Engineering Materials, 366th Tactical Fighter Wing, Mt. Home AFB, ID (Project 9175211) (4/5/89)

560-9-13 Accounting and Finance (ADSN 6655), Cash Accountability and Internal Controls, 366th Tactical Fighter Wing, Mt. Home AFB, ID (Project 9265312) (7/13/89)

565-9-07 Award and Administration of Air Force Operation and Maintenance Construction Contracts, 554th Operations Support Wing, Nellis AFB, NV (Project 9076410) (4/6/89)

565-9-08 Fire Protection Management, 554th Operations Support Wing, Nellis AFB, NV (Project 9175213) (5/16/89)

565-9-10 Review of the Automated Travel Record Accounting System, 554th Operations Support Wing, Nellis AFB, NV (Project 9195410) (7/7/89)

565-9-11 Review of Air Force Aviation Fuel Financial Management, 554th Operations Support Wing, Nellis AFB, NV (Project 9265317) (8/4/89)

565-9-12 Review of Base-Level Planning for 2nd Year Personnel Concept III Implementation Sites, 554th Operations Support Wing, Nellis AFB, NV (Project 9195422) (8/15/89)

570-9-25 Management of Variable Housing Allowance Payments, 4th Tactical Fighter Wing, Seymour Johnson AFB, NC (Project 9235310) (4/19/89)

570-9-31 Review of the Automated Travel Record Accounting System, 4th Tactical Fighter Wing, Seymour Johnson AFB, NC (Project 9195410) (6/13/89)

570-9-34 Air Force Freight Traffic Management, 4th Tactical Fighter Wing, Seymour Johnson AFB, NC (Project 9226117) (7/21/89)

570-9-37 Accounting and Finance Office (ADSN 6588), Cash Accountability and Internal Controls, 354th Tactical Fighter Wing, Myrtle Beach AFB, SC (Project 9265312) (8/15/89)

570-9-41 Review of Base-Level Planning for 2nd Year Personnel Concept III Implementation Sites, 4th Tactical Fighter Wing, Seymour Johnson AFB, NC (Project 9195422) (9/1/89)

575-9-11 Management of Variable Housing Allowance Payments, 363rd Tactical Fighter Wing, Shaw AFB, SC (Project 9235310) (4/14/89)

575-9-16 Fire Protection Management, 363rd Tactical Fighter Wing, Shaw AFB, SC (Project 9175213) (5/30/89)

575-9-18 Accounting and Finance (ADSN 6729), Cash Management and Internal Controls, 347th Tactical Fighter Wing, Moody AFB, GA (Project 9265312) (7/6/89)

575-9-21 Accounting and Finance (ADSN 5281), Management of Budget Clearing Accounts, 363rd Tactical Fighter Wing, Shaw AFB, SC (Project 9265314) (7/21/89)

600-9-29 Evaluation of the Core Automated Maintenance System Status and Inventory Application Controls, 26th Tactical Reconnaissance Wing, Zweibrücken AB, Germany (Project 9195417) (4/3/89)

600-9-34 Air Force Planning for Chemical Warfare Collective Protection System, 316th Air Division, Ramstein AB, Germany (Project 8085327) (4/20/89)

600-9-40 Management of Defense Courier Service, Ramstein AB, Germany (Project 9205214) (4/28/89)

600-9-41 Management of Air Force Official Representation Contingency Funds-Fiscal Year 1988, IIQ USAFE, Ramstein AB, Germany (Project 9205211) (5/4/89)

600-9-46 Supply and Finance, Review of Air Force Aviation Fuel Financial Management, 316th Air Division, Ramstein AB, Germany (Project 9265317) (5/19/89)

600-9-48 Service Management of Billeting Operations, 377th Combat Support Wing, Ramstein AB, Germany (Project 9275111) (6/8/89)

600-9-49 Accounting and Finance, Cash Management and Internal Controls, Agent Operation, 7350th Air Base Group, Templehof Central Airport, Germany (Project 9265312) (6/9/89)

600-9-50 Evaluation of Core Automated Maintenance System Status and Inventory Controls, 10th Military Airlift Squadron, Zweibrücken AB, Germany (Project 9195417) (6/26/89)

600-9-51 Services, Management of Billeting, Operations, 39th Tactical Group, Incirlik AB, Turkey (Project 9275111) (6/30/89)

600-9-52 Foreign Currency Fluctuation Centrally Managed Allotments, 316th /ision, Ramstein AB, (y (Project 9265310) (f .)

600-9-53 Evaluation of Core Automated Maintenance System Status and Inventory Controls, 2143rd Communications Squadron, Zweibrücken AB, Germany (Project 9195417) (6/29/89)

600-9-56 Management of Intelligence Contingency Funds, FY 1988, IIQ USAFE, Ramstein AB, Germany (Project 9205210) (8/21/89)

600-9-58 Foreign Currency Fluctuation Centrally Managed Allotments, IIQ TUSLOG, Ankara AS, Turkey (Project 9265310) (7/11/89)

600-9-60 66th ECW, Foreign Currency Fluctuation Centrally Managed Allotments, Sembach AB, Germany (Project 9265310) (7/20/89)

600-9-64 Accounting and Finance, Cash Accountability and Internal Controls (ADSN 6763), 66th ECW, Sembach AB, Germany (Project 9265312) (8/14/89)

600-9-66 Transportable Shelter System, IIQ USAFE, Ramstein AB, Germany (Project 9195420) (8/22/89)

600-9-67 Accounting and Finance, Cash Accountability and Internal Controls (ADSN 5938), 39th Tactical Group, Incirlik AB, Turkey (Project 9265312) (9/1/89)

600-9-71 Management of Budget Clearing Accounts, Accounting and Finance (DSSN 9469), Ankara AS, Turkey (Project 9265314) (9/8/89)

600-9-72 Transportable Shelter System, 2134th Communications Squadron, Sembach AB, Germany (Project 9195420) (9/8/89)

603-9-08 Unit Level Implementation of the Security Police Automated System, 81st Tactical Fighter Wing, RAF Bentwaters, United Kingdom (Project 9195412) (4/7/89)

603-9-10 Foreign Currency Fluctuation, Centrally Managed Allotments, 32nd Tactical Fighter Squadron, Soesterberg AB, The Netherlands (Project 9265310) (5/17/89)

603-9-13 Foreign Currency Fluctuation, Centrally Managed Allotments, 81st Tactical Fighter Wing, RAF Bentwaters, United Kingdom (Project 9265310) (7/23/89)

604-9-16 Foreign Currency Fluctuation, Centrally Managed Allotments, 52nd Tactical Fighter Wing, Spangdahlem AB, Germany (Project 9265310) (6/16/89)

604-9-19 Foreign Currency Fluctuation, Centrally Managed Allotments, 36th Tactical Fighter Wing, Bitburg AB, Germany (9265310) (6/28/89)

604-9-22 Accounting and Finance (ADSN 8442), Cash Accountability and Internal Controls, 52nd Tactical Fighter Wing, Spangdahlem AB, Germany (Project 9265312) (8/17/89)

606-9-08 Airfield Suitability for Beddowns in USAFE, 7100th Combat Support Wing, Lindsey AS, Germany (Project 9175214) (4/14/89)
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606-9-14 Accounting and Finance Office Cash Accountability and Internal Controls, 435th Tactical Airlift Wing, Rhein-Main AB, Germany (Project 9265312) (7/26/89)

606-9-15 Accounting and Finance Office Cash Accountability and Internal Controls, 50th Tactical Fighter Wing, Hahn AB, Germany (Project 9265312) (8/9/89)

606-9-19 Security Planning for the Military Airlift Command's Passenger Automated Check-In System, 435th Tactical Airlift Wing, Rhein-Main AB, Germany (Project 9226118) (9/12/89)

610-9-09 Airfield Suitability for Beddowns in USAFE, 48th

Tactical Fighter Wing, Logistics Plans, RAF Lakenheath, United Kingdom (Project 9175214) (4/3/89)

610-9-10 Management of Foreign Currency Fluctuation Centrally Managed Allotments, Accounting and Finance, 513th Airborne Command and Control Wing, RAF Mildenhall, United Kingdom (Project 9265310) (6/16/89)

610-9-11 Review of Air Force Aviation Fuel Financial Management, Accounting and Finance, 48th Tactical Fighter Wing, RAF Lakenheath, United Kingdom (Project 9265317) (6/30/89)

610-9-13 Accounting and Finance Cash Management and Internal Controls, 48th Tactical Fighter Wing, RAF Lakenheath, United Kingdom (Project 9265312) (8/14/89)

610-9-15 Review of Air Force Aviation Fuel Financial Management, Accounting and Finance, 513th Airborne Command and Control Wing, RAF Mildenhall, United Kingdom (Project 9265317) (8/17/89)

614-9-08 Airfield Suitability for Beddowns in Europe, 40th Tactical Group, Torrejon AB, Spain (Project 9175214) (8/14/89) CLASSIFIED

614-9-10 Management of Disbursing Agent Function (DSSN 6776), 406th Tactical Fighter Training Wing, Zaragoza AB, Spain (Project 9265312) (9/7/89)

614-9-11 Accounting and Finance (ADSN 6776), Cash

Accountability and Internal Controls, 401st Tactical Fighter Wing, Torrejon AB, Spain (Project 9265312) (9/18/89)

616-9-12 Airfield Suitability for Beddowns at Aeroplano and Armament Experimental Establishment, Boscombe Down, 20th Tactical Fighter Wing, RAF Upper Heyford, United Kingdom (Project 9175214) (4/3/89) CLASSIFIED

616-9-16 Review of Air Force Aviation Fuel Financial Management, 20th Tactical Fighter Wing, RAF Upper Heyford, United Kingdom (Project 9265317) (5/24/89)

616-9-19 Planning for 2nd Year Personnel Concept III Implementation, RAF Fairford, United Kingdom (Project 9195422) (7/18/89)

705-9-22 Evaluation of the Morale, Welfare, and Recreation Division, Financial Operations Supervisor, Charleston AFB, SC (Project 9285311) (7/7/89)

705-9-23 Temporary Duty Travel Management, 437th Military Airlift Wing, Charleston AFB, SC (Project 9265311) (7/10/89)

705-9-24 Accounting and Finance (ADSN 5283), Cash Accountability and Internal Controls, 437th MAW, Charleston AFB, SC, (Project 9265312) (7/10/89)

705-9-27 Air Force Freight Traffic Management, 437th Military Airlift Wing, Charleston AFB, SC (Project 9226117) (8/4/89)

705-9-30 Accounting and Finance (ADSN 6765), Cash Accountability and Internal Controls, 317th Tactical Airlift Wing, Pope AFB, NC (Project 9265312) (8/31/89)

710-9-14 Review of Initial Planning for Personnel Concepts III System Implementation, 314th Tactical Airlift Wing, Little Rock AFB, AR (Project 9195422) (8/18/89)

715-9-21 Review of Aviation Fuel Financial Management, 62nd Military Airlift Wing, McChord AFB, WA (Project 9276317) (7/12/89)

720-9-12 Air Force Management of Defense Courier Service Operations at McGuire AFB, NJ (Project 9205214) (5/26/89)

720-9-14 Management of War Reserve Material Subsistence, Detachment 316, Air Force Commissary Service, McGuire AFB, NJ (Project 9275112) (7/13/89)

720-9-19 Review of Aviation Fuel Financial Management, 438th Military Airlift Wing, McGuire AFB, NJ (Project 9265317) (9/18/89)

725-9-10 Temporary Duty Travel Management, 15th Air Force, March AFB, CA (Project 9265311) (6/1/89)

725-9-11 Temporary Duty Travel Management, 33rd Communications Group, March AFB, CA (Project 9265311) (6/1/89)

725-9-12 Accounting and Finance (ADSN 5036), Cash Accountability and Internal

Controls, 63rd Military Airlift Wing, Norton AFB, CA (Project 9265312) (6/23/89)

725-9-13 Temporary Duty Travel Management, 22nd Air Refueling Wing, March AFB, CA (Project 9265311) (7/10/89)

725-9-15 Management of Government-Owned Appliances, 22nd Air Refueling Wing, March AFB, CA (Project 9175212) (8/11/89)

730-9-22 Management of Air Force Official Representation Contingency Funds-FY 1988, HQ Military Airlift Command, Scott AFB, IL (Project 9205211) (4/7/89)

730-9-24 Core Automated Maintenance System Status and Inventory Application Controls, 375th Aeromedical Airlift Wing, Scott AFB, IL (Project 9195417) (4/18/89)

730-9-25 Civil Engineering Material Acquisition System 375th Aeromedical Airlift Wing, Scott AFB, IL (Project 8195424) (4/21/89)

730-9-26 Civil Engineering Material Acquisition System, Chanute Technical Training Center, Chanute AFB, IL (Project 8195424) (5/8/89)

730-9-28 Management of the Computer Systems Authorization Directory, Military Airlift Command, Scott AFB, IL (Project 9195416) (5/17/89)

730-9-30 Air Force Scientific and Technical Information Program Effectiveness, HQ Air Force Communications Command, Scott AFB, IL (Project 9205213) (6/8/89)

730-9-33 Transportable Shelter System, 182nd Tactical Air Support Group, Illinois Air National Guard, Greater Peoria Airport, Peoria, IL (Project 9195420) (7/10/89)

730-9-35 Accounting and Finance Office (ADSN 5253), Cash Accountability and Internal Controls, 375th Aeromedical Airlift Wing, Scott AFB, IL (Project 9265312) (7/14/89)

730-9-41 War Reserve Material Subsistence Requirements, Military Airlift Command, Scott AFB, IL (Project 9275112) (9/1/89)

730-9-42 Security Planning for the Military Airlift Command's Passenger Automated Check-In System, 1974th Communications Group, Scott AFB, IL (Project 9226118) (9/7/89)

735-9-17 Civil Engineering Review of Appliance Management, 60th Military Airlift Wing, Travis AFB, CA (Project 91752121) (6/2/89)

735-9-18 Accounting and Finance (ADSN 5038), Review of the Automated Travel Record Accounting System, 60th Military Airlift Wing, Travis AFB, CA (Project 9195410) (6/2/89)

735-9-20 Morale, Welfare, and Recreation, Evaluation of the Financial Operations Supervisor, 60th Military Airlift Wing, Travis AFB, CA (Project 9285311) (7/13/89)

735-9-21 Air Force Freight Traffic Management, 60th MAW, Travis AFB, CA (Project 9226117) (8/24/89)

735-9-23 Security Planning for the Military Airlift Command's Passenger Automated Check-In System, 60th Military Airlift Wing Travis AFB, CA (Project 9226118) (9/7/89)

805-9-24 Review of the Automated Travel Record Accounting System (ADSN 6672), 3rd Tactical Fighter Wing, Clark AB, Republic of the Philippines (Project 9195410) (6/30/89)

807-9-10 Billeting Operations, 21st Tactical Fighter Wing, Elmendorf AFB, AK (Project 9275111) (6/30/89)

807-9-14 Review of Air Force Aviation Fuel Financial Management, 21st Tactical Fighter Wing, Elmendorf AFB, AK (Project 9265317) (8/13/89)

807-9-15 Followup of Unemployment Compensation for Former Air Force Civilian Employees, 21st Tactical Fighter Wing, Elmendorf AFB, AK (Project 9155110) (3/18/89)

810-9-10 Evaluation of Temporary Duty Travel Management, Hickam AFB, HI (Project 9265311) (5/3/89)

810-9-12 Review of Air Force Aviation Fuel Financial Management, 15th Air Base Wing, Hickam AFB, HI (Project 9265317) (6/23/89)

810-9-13 Accounting and Finance Office (ADSN 6683), Management of Budget Clearing Accounts, 15th Air Base Wing, Hickam AFB, HI (Project 9265314) (6/28/89)

810-9-17 Accounting and Finance Office Cash

Accountability and Internal Controls, Hickam AFB, HI (Project 9265312) (9/7/89)

810-9-20 Accounting and Finance Disbursing Agent (ADSN 6761), Cash Accountability and Internal Controls, 5th Defense Space Communications Squadron, Woomera, South Australia (Project 9265312) (9/7/89)

815-9-36 Foreign Currency Fluctuation Centrally Managed Allotments, 313th Air Division, Kadena AB, Japan (Project 9265310) (6/8/89)

815-9-39 Accounting and Finance Office (ADSN 6646), Cash Accountability and Internal Controls, Andersen AFB, Guam (Project 9265312) (7/3/89)

815-9-41 Accounting and Finance Office (ADSN 6709) Cash Accountability and Internal Controls, Kadena AB, Japan (Project 9265312) (7/27/89)

815-9-44 Temporary Duty Travel Management, Kadena AB, Japan (Project 9265311) (8/11/89)

815-9-45 Review of Base-Level Planning for 2nd Year Personnel Concept III Implementation Sites, 313th Air Division, Kadena AB, Japan (Project 9195422) (8/17/89)

820-9-18 Review of Base-Level Planning for 2nd Year Personnel Concept III Implementation Sites, 432nd Tactical Fighter Wing, Misawa AB, Japan (Project 9195422) (9/12/89)

825-9-25 Foreign Currency Fluctuation Centrally Managed Allotments, 51st Tactical Fighter Wing, Osan AB, Korea (Project 9265310) (6/7/89)

825-9-27 Accounting and Finance (ADSN 6776), Review of the Automated Travel Record Accounting System 51st Tactical Fighter Wing, Osan AB, Korea (Project 9195410) (6/16/89)

825-9-31 Accounting and Finance (ADSN 5395), Management of Paying and Collecting, 8th Tactical Fighter Wing, Kunsan AB, Korea (Project 9265312) (7/26/89)

825-9-32 Accounting and Finance (ADSN 5395), Disbursing Agent, 8th Tactical Fighter Wing, Kwangju AB, Korea, (Project 9265312) (7/27/89)

905-9-43 Management of the Computer Systems Authorization Directory, HQ Standard Systems Center, Gunter AFB, AL (Project 9195416) (5/17/89)

910-9-09 Base Civil Engineer, Management of Civil Engineering Materials, Keesler AFB, MS (Project 9175211) (4/1/89)

910-9-10 Review of Base Contracting Automated System Solicitation and Award Process Application Controls, Keesler AFB, MS (Project 9195411) (4/10/89)

910-9-14 Fire Protection Management, 3380th Air Base Group, Keesler AFB, MS (Project 9175213) (7/31/89)

915-9-13 Foreign Currency Fluctuation Centrally Managed Allotments, Air Force Accounting and Finance Center, Denver, CO (Project 9265310) (4/3/89)

915-9-14 Followup of Unemployment Compensation for Former Air Force Civilian Employees, Lowry AFB, CO (Project 9155110) (5/18/89)

920-9-06 Fire Protection Management, 323rd FFW, Mather AFB, CA (Project 9175213) (5/19/89)

920-9-08 Appliance Management, 323rd FFW, Mather AFB, CA (Project 9175212) (8/10/89)

922-9-01 Accounting and Finance (ADSN 5957), Management of Paying and Collecting, 14th FFW, Columbus AFB, MS (Project 8265312) (7/21/89)

922-9-06 Base-Level Planning for 2d Year Personnel Concept III Implementation Sites, 3800th ABW, Maxwell AFB, AL (Project 9195422) (9/13/89)

925-9-15 Administration of Air Force Operations and Maintenance Construction Contracts, Randolph AFB, TX (Project 9076410) (4/3/89)

925-9-16 Core Automated Maintenance System Status and Inventory Subsystem Application Controls, Randolph AFB, TX (Project 9195417) (4/12/89)

925-9-17 Management of the Computer System Authorization Directory, Randolph AFB, TX (Project 9195416) (5/8/89)

925-9-18 Air Force Use of Communications Service Authorizations to Acquire Telecommunications Equipment and Services, 47th FTW, Laughlin AFB, TX (Project 9066412) (5/26/89)

925-9-20 Review of Air Force Scientific and Technical Information Program Effectiveness, Brooks AFB, TX (Project 9205213) (6/19/89)

925-9-21 Management of Budget Clearing Accounts, Randolph AFB, TX (Project 9265314) (6/19/89)

925-9-22 Fire Protection Management, Randolph AFB, TX (Project 9175213) (6/21/89)

925-9-23 Management of Communications Service Agreements, HQ ATC, Randolph AFB, TX (Project 9066412) (6/26/89)

925-9-25 Evaluation of the Financial Operations Supervisor, Laughlin AFB, TX (Project 9265311) (7/21/89)

CENTRALLY DIRECTED REPORTS

6265324 Review of Internal Controls in the Airlift Service Industrial Fund Revenue and Billing System (9/28/89)

7085226 Review of the Readiness of Air Force Special Operations Forces (6/21/89)

7106211 Development and Use of Air Force Engineered Maintenance Labor Standards (6/28/89)

7106213 Maintenance Concepts for Overhauling Aircraft Engines (7/3/89)

7215214 Planning for Future

Command, Control, Communications and Intelligence Systems (4/3/89)
CLASSIFIED

7254310 Review of Internal Controls in the Design of the Centralized Civilian Pay System (9/1/89)

8016212 Air Force Administration of Independent Research and Development (9/20/89)

8066411 Review of the Air Force Systems Command Procurement Management System (6/16/89)

8076410 Air Force Management of Contract Waivers and Deviations (5/5/89)

8076415 Review of the Air Force Contract Management Division's Quality Assurance Information System (4/6/89)

8076512 Contracting for Military Family Housing Improvements (4/19/89)

8085213 Arming of Air Force Personnel During Contingencies (7/10/89)

8085220 Management of KC-135 and KC-10 Flying Hour Program (4/4/89)

8085224 Air Force Planning for Base Denial (9/29/89)
CLASSIFIED

8085421 Air Force Management of Air Rescue and Recovery Forces (5/4/89)
CLASSIFIED

8106213 Followup-Management of Flow Times and Floating Stock for Engines in Depot

Repair (4/21/89)

8106215 Followup-Control and Management of Maintenance Assistance Contract Field Teams (4/11/89)

8126111 Aircraft Tire Acquisition and Distribution Management (9/7/89)

8126114 Harvest Falcon War Readiness Spares Kit Requirements (7/21/89)

8126121 Computation of Aircraft Wartime Spares Requirements (7/12/89)
CLASSIFIED

8126123 Recoverable Spares and Maintenance Organizations Needed for F108 Engine Support (7/11/89)

8126124 Inventory Controls--Stock Retention Management of Recoverable Assets (6/15/89)

8126127 Followup-Support of Tactical Software (6/22/89)

8165111 Worldwide Military Command and Control System School Training (7/14/89)

8165113 Training for Use and Maintenance of B-1B Support Facilities (6/23/89)

8195415 Review of Internal Controls for the Job Order Cost Accounting System (6/13/89)

8195420 Hardware Configuration of Personnel Concept III (4/26/89)

8195428 Followup-Controls Over the Disposal and Reuse of Magnetic Tapes (8/24/89)

8205221 Management of the Air Force Security Police Mobility Program (6/5/89)

8255310 Financial Management of the Defense Environmental Restoration Account (4/24/89)

8255312 Budget Formulation and Execution for Medical and Dental Supplies (7/12/89)

8265312 Accounting and Finance, Management of Paying and Collecting (1 April-30 June 1988) (7/15/89)

8265313 Accounting and Finance, Management of Paying and Collecting (1 July-30 September 1988) (7/15/89)

8265316 Evaluation of Air Force Accounting Systems Review Program - Fiscal Year 1988 (7/21/89)

8265317 Evaluation of the Air Force Internal Management Control Evaluation Program - Fiscal Year 1988 (5/1/89)

8285110 Management of Selected Central Base Fund Activities (7/19/89)

8285211 Morale, Welfare, and Recreation Participation in the Resource Recovery and Recycling Program (5/2/89)

8285312 Review of Installation Morale, Welfare, and Recreation Fund (4/10/89)

8296211 Management of

Foreign Military Sales In-Country Services (4/25/89)

8296212 Followup-Foreign Military Sales Engine Support--Repair, Overhaul, and Component Improvement (6/7/89)

8325113 Medical Insurance Billings and Reimbursement in USAF Medical Facilities (7/31/89)

9076410 Award and Administration of Air Force Operations and Maintenance Construction Contract (9/26/89)

9076412 Payments to Contractors (6/19/89)

9126110 Review of Excess On-Order Recoverable Spares (7/17/89)

9126114 Followup-Maintenance Inventory Center Requisitioning and Back Order Validation Procedures (7/13/89)

9126117 Followup-Forecasting Life-Limited Item Requirements for Jet Engines (8/25/89)

9165113 Air Force Aid Society Disbursements (6/2/89)

9165115 Followup-Minuteman Education

Program (6/9/89)

9175211 Management of Civil Engineering Materials (8/18/89)

9195412 Unit-Level Implementation of the Security Police Automated System (8/10/89)

9205210 Management of Intelligence Contingency Funds-Fiscal Year 1988 (5/4/89) CLASSIFIED

9205211 Management of Air Force Official Representation Contingency Funds-Fiscal Year 1988 (7/7/89)

9235310 Review of the Management of Variable Housing Allowance Payments (9/27/89)

9275110 Commissary Controls Over Cash, Coupons, and Checks (7/5/89)

9305110 Followup-Fiscal Year 1981 and Fiscal Year 1982 A-76 Commercial Activities Decisions (6/20/89)

9325110 Review of the San Antonio Joint Military Medical Command (9/8/89)

051-9-3 Quick Reaction -- Prepositioned War Reserve Material (WRM) Subsistence (6/22/89)

Copies of audit reports may be obtained from the appropriate issuing office by calling:

***IG, DoD - (202) 694-6302
Army Audit Agency - (703) 756-2882
Naval Audit Service - (703) 756-2129
Air Force Audit Agency - (714) 382-2377***

APPENDIX F^{1/}

INSPECTOR GENERAL, DoD, AUDIT REPORTS ISSUED CONTAINING QUANTIFIABLE POTENTIAL MONETARY BENEFITS ^{2/}	Potential Monetary Benefits (\$ in thousands)	
	Disallowed Costs ^{3/}	Funds Put to Better Use
89-066 White Engines, Inc., Catalog Priced Contracts	\$950	
89-074 Pricing and Billing of the F-16 Aircraft for the European Participating Governments		\$9,700
89-076 Commercial Pricing Certification		\$8,500
89-077 Acquisition of the V-22 Joint Services Advanced Vertical Lift Aircraft (OSPREY)		\$293,200
89-087 Contractor Rental of Government Real Property and Payment of Nonrecurring Costs		\$34,861
89-088 Training and Training Support for the Harpoon Weapon System		\$43,363
89-089 Quick Reaction Report on the Audit of a Range Support Contract for an Army Special Access Program		\$756
89-090 Field Pricing Support and Postaward Audits of Contracts with Foreign Companies		\$17,800
89-091 Quick Reaction Report on the Audit of the Procurement of the CATIES		\$20,000
89-092 Rocket Motor Test Facilities		\$197,300
89-093 Procurement of the Local Area Network for Air Force Space Systems Division		\$1,767
89-094 Bulk Petroleum Storage Operations		\$49,300
89-101 Acquisition of the Exoatmospheric Reentry-Vehicle Interceptor Subsystem		\$25,000
89-102 CH-47D Remanufacture Contracts with Boeing Helicopters		\$6,600
89-103 Acquisition of the Patriot Missile System		\$3,100
89-104 Acquisition of the MK-50 Torpedo Program		\$65,700
89-105 Contractor Qualification Process for Blade Bushings for the C-130 Aircraft		\$420
89-106 Quality of Service and Inspection Procedures for Domestic and International Shipment of Household Goods		\$11,800
89-107 DoD Industrial Modernization Incentives Program		\$35,023
89-108 Component Breakout of the Harpoon Weapon System		\$34,600

^{1/} In accordance with the Inspector General Act of 1988.

^{2/} A complete list of audit reports issued by the IG, DoD, during the period is in appendix E.

^{3/} None of the disallowed costs involve unsupported costs.